



# ***Daily Report***

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## **China**

FBIS-CHI-95-167  
Tuesday  
29 August 1995

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# Daily Report

## China

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## General

### Foreign Ministry Holds Weekly News Conference

#### On South China Sea Exercises

OW2908100395 *Beijing XINHUA in English*  
0950 GMT 29 Aug 95

[FBIS Transcribed Text] Beijing, August 29 (XINHUA) — China does not conduct military exercise in the area of South China Sea, Chen Jian, spokesman for the Chinese Foreign Ministry, stated here today.

Chen made the statement at a weekly press conference in response to a report that China will carry out military exercise in the area.

"As far as I know," he answered, "China does not have such activity as carrying out military exercise in the area of South China Sea."

#### Views Sino-U.S. Ties

OW2908102195 *Beijing XINHUA in English*  
1014 GMT 29 Aug 95

[FBIS Transcribed Text] Beijing, August 29 (XINHUA/OANA) — Chinese Foreign Ministry spokesman Chen Jian said here today that whether Sino-US relations can be restored to normal depends on whether the US side will take concrete actions to honor its commitment.

In response to a question concerning the issue at a weekly press conference, Chen said that according to the agreement reached between the two foreign ministers in Brunei August 1, Chinese Vice-Foreign Minister Li Zhaoxing held talks with visiting US Under-Secretary of State Peter Tarnoff on August 26 and 27 in Beijing, and Chinese Vice-Premier and Foreign Minister Qian Qichen also met with Tarnoff.

"The talks are useful to help Sino-US relations out of the present troubled situation," Chen noted.

According to him, the talks mainly focused on how to remove the severe consequences brought about by US permission of Li Teng-hui's visit so as to restore bilateral ties to the normal track set forth by the three Sino-US joint communiques.

Recently, the spokesman noted, the US side has once and again indicated that it has fully realized the importance and sensitivity of Taiwan issue in Sino-US relations and it has no intention to divert itself from the "one China" policy it has pursued for a long time.

Chen said that the US side had made clear that it will continue to honor the principles set forth in the three joint communiques between the two countries by opposing the position of "two Chinas" or "one China,

one Taiwan", opposing Taiwan's independence as well as its attempts to enter the United Nations.

"Whether the Sino-US relations can be restored to normal depends on whether the US side can take concrete actions to honor its commitment," he stressed.

#### On Return of Envoy to U.S.

BK2908102795 *Hong Kong AFP in English*  
1023 GMT 29 Aug 95

[FBIS Transcribed Text] Beijing, Aug 29 (AFP) — China on Tuesday signalled a further easing of Sino-US tension, saying it was considering returning its ambassador to Washington and stressing the importance of high-level contacts.

"Ambassador Li Daoyu will return to his office in the US at an appropriate time," foreign ministry spokesman Chen Jian told reporters, adding that Beijing was also considering Washington's nomination for its next ambassador to China.

Li was recalled on June 17 as part of protests against Taiwanese president Li Teng-hui's controversial "private" visit to the United States earlier in the month, which sent bilateral relations into a tailspin.

The US ambassador to Beijing, Stapleton Roy, left the post at the same time as the Taiwan controversy erupted. He has not been replaced since.

In the past, the spokesman had stated repeatedly that China was not even considering sending Li back. Tuesday's announcement indicated a favorable response to a recommendation made by Under Secretary of State Peter Tarnoff that the ambassador resume his post.

Tarnoff, the highest-ranking US official to visit China since Li's US trip, met Chinese leaders in Beijing over the weekend in a bid to patch up ties and pave the way for a possible presidential summit between Bill Clinton and Jiang Zemin in October.

When dispute was at its height, Beijing even refused US requests for dialogue, but Chen said Tuesday that top-level contacts were essential.

"Maintaining high level contact and dialogue between China and the United States will help deepen mutual understanding and be conducive to the development of bilateral relations," he said.

However, Chen stressed that restoring relations to normal would depend on whether Washington was willing to take "concrete actions" to honour its commitment to the three Sino-US joint communiques, governing Washington's Taiwan policy and recognising Beijing as the sole government of all-China.



Beijing views Taiwan as a renegade province and proscribes any country with which it has diplomatic relations from taking any action that might be regarded as a de facto recognition of the government in Taipei.

Chen reiterated that Washington's "erroneous practices" over Taiwan were directly responsible for the "serious difficulties" currently affecting Sino-US relations.

"This is something the Chinese side does not wish to see, and such a situation is not in accordance with the long-term interests of the two countries," he said.

Chen also said he hoped Washington would "repair the damage" done by Li's visit and help foster a favourable atmosphere for a Clinton-Jiang summit.

After a three-hour meeting Sunday with Chinese Foreign Minister Qian Qichen, Tarnoff had said a meeting between the two presidents was on the cards.

Bilateral ties have shown signs of healing since a major obstacle to resuming talks was removed with the expulsion from China last week of US human rights activist Harry Wu, one day after he was handed a 15-year jail sentence for espionage.

Wu's release substantially eased Tarnoff's visit and also paved the way for US First Lady Hillary Clinton to attend the Fourth World Conference of Women, which opens September 4.

#### On Japanese Aid Freeze

BK2908111095 Hong Kong AFP in English  
1106 GMT 29 Aug 95

[FBIS Transcribed Text] Beijing, Aug 29 (AFP) — The Chinese government said Tuesday Japan's decision to freeze aid payments to protest China's recent underground nuclear tests risked damaging Sino-Japanese relations.

"We deeply regret the decision made by the Japanese government" said Chen Jian, a foreign ministry spokesman at a weekly news conference.

"This Japanese move can hardly not be detrimental to a sound development of Sino-Japanese relations," said Chen, adding that "we are firmly against any practices attaching political conditions to economic cooperation."

Chen's statement came a few hours after Tokyo announced it would block financial aid to China in protest at the country's 43rd nuclear test on August 17.

The Japanese Cabinet endorsed the plans proposed by Foreign Minister Yohei Kono at a meeting of his Liberal Democratic Party on Monday.

Kono said Japan would offer "only emergency aid for disasters, aid to buy polio vaccines and grass-roots assistance to China."

The suspension means a drop to 400 million yen (4.1 million dollars) in Japanese gifts to March 1996 compared with 7.8 billion yen for the previous fiscal year.

Chen stressed that "China's small amount of nuclear weapons and limited nuclear testing are not directed against any other country nor do they pose any threat to Japan or other countries."

He added that, in the 50th anniversary of the end of World War II, "Japan ought to deeply self-examine its war crimes and draw lessons from history, instead of trying to make a big issue of China's nuclear testing."

#### UN Women's Group Holds News Conference

OW2908093795 Beijing XINHUA in English  
0903 GMT 29 Aug 95

[FBIS Transcribed Text] Beijing, August 29 (XINHUA) — The China Organizing Committee of the UN Fourth World Conference on Women (FWCW) gave a press conference here this morning, briefing journalists on China's preparations for the Non-Governmental Organization (NGO) Forum on Women '95, which will open tomorrow.

Huang Qizao, vice-chairperson of the FWCW China Organizing Committee and director of NGO Forum Committee of the organizing committee, said that the NGO Forum Committee is an extensively representative preparatory organ composed of leaders from 32 national-level non-governmental organizations including the All-China Women's Federation. Its work, she said, has received enthusiastic support from some 1,000 volunteers.

Since 1992, Huang said, the All-China Women's Federation, the Women Workers' Committee of the All-China Federation of Trade Unions and other non-governmental organizations have sponsored more than 6,000 training classes and symposiums on the implementation of the Nairobi Forward-Looking Strategies for the Advancement of Women to the year 2000, which were attended by more than two million people.

China's non-governmental organizations and experts and scholars specialized in women issues participated in drafting China's Report on the Implementation of the Nairobi Strategies, appraising in a practical and realistic way progress China made in implementing the Nairobi Strategies and existing obstacles, and putting forward many counter-measures and suggestions.

To conduct extensive exchanges with friends from various countries, she said, China's non-governmental organizations have applied to hold and prepared 44 workshops on special issues, including women's education, employment, health care, participating in managing political affairs.

Women from all walks of life in various provinces, autonomous regions and municipalities as well as the 56 ethnic groups in the country will all have their representatives to attend the NGO Forum.

The All-China Women's Federation also coordinated with the State Education Commission in helping rural illiterate women learn to read and write, wiping out illiteracy among three million women a year. By June this year, more than 50,000 girl dropouts had returned to school with the help of the women's federation.

To achieve goals set in the Nairobi Strategies ahead of schedule, the Chinese government has recently formulated and issued the Program for the Development of Chinese Women. This program, she said, is deemed as a program of action which guides and facilitates progress and development of Chinese women, and as a new milestone in the history of development of Chinese women. Therefore, it receives a warm welcome from the general public, she said.

According to Huang, the China Organizing Committee has prepared 75 indoor meeting rooms for the NGO Forum in scenic spots in Beijing's Huairou. Of these, she said, both the International Convention Center which can seat 1,500 conferees and the five major conference halls can provide interpretation in six languages. In addition, she said, there are more than 80 tent meeting rooms and nine gathering sites. Temporary sites for religious service will also be available, she added.

Answering a question by a Finnish correspondent on the number of people attending the NGO Forum, Wan Siquan, deputy secretary-general of the FWCW China Organizing Committee, said, 7,205 participants had arrived through the Capital Airport by 8:00 P.M. yesterday and 600 others arrived last night, he said.

Wan said the number of arrivals today will be the largest as 53 flights, four of which are chartered flights full of participants for the NGO Forum, will land at the Beijing airport. In addition, two special trains are also scheduled to arrive at the Beijing Railway Station today, he said.

In reply to a question by a journalist from Taiwan on participation by Taiwan women at the forum, Huang Qizao said, all applications from the Chinese will be handled by the NGO Forum Committee of the FWCW China Organizing Committee in line with the agreements reached between the NGO Forum Committee of

the FWCW China Organizing Committee and the Working Committee of the NOG Forum on Women '95 on September 16, 1994. A total of 78 women from Taiwan have applied to attend the forum and all their applications have been approved.

When answering a question from a Bangladesh correspondent, Tian Qiyu, director of the Security Committee of the FWCW China Organizing Committee, said, the China Organizing Committee has taken necessary security measures to ensure the smooth progress of the conference. "It is entirely normal and in keeping with the international common practice for the FWCW China Organizing Committee to strengthen management over people entering and leaving China in line with China's relevant laws and regulations," he said.

#### Jiang Chunyun Meets UN Agriculture Officials

OW2808133795 Beijing XINHUA in English  
1252 GMT 28 Aug 95

[FBIS Transcribed Text] Beijing, August 28 (XINHUA) — Chinese Vice-Premier Jiang Chunyun said here today that China welcomes more effective aid from the UN's World Food Program (WFP) and the International Fund for Agriculture Development (IFAD) in the country's drive to fight poverty.

Jiang made the remarks here this afternoon during meetings with WFP's Executive Director Catherine Bertini and IFAD's president Fawzi Hamad Al-Sultan.

China started its cooperation with WFP and IFAD in 1979 and 1980 respectively, and WFP has provided China with 735 million US dollars in aid for 57 food projects, benefitting more than 20 million people in more than 160 poverty-stricken counties.

IFAD provided loans for ten agricultural development projects worth 238 million US dollars, which has benefitted some one million Chinese.

During today's meeting, Jiang expressed his thanks for the effective cooperation between China and the two UN organizations in efforts to get rid of poverty.

Jiang said that in spite of the relatively fast economic growth and improvement in the standard of living in China since the reforms and opening-up in 1979, there are still over 70 million Chinese living below the poverty line and putting the government's plan to fight poverty into action will take a great deal of effort.

China emphasizes that it will address the issues of agriculture and food in its own way, Jiang said, but the outside aid and support are still indispensable.

The vice-premier said that such aid from WFP and IFAD is beneficial not only to China's growth in food



and agriculture, but also to the stability and development of its society and that of the world as a whole.

Both Bertini and Hamad Al-Sultan said that the cooperation between China and their organizations is satisfactory and they agreed to strengthen cooperation with China in food and agriculture and to make it more effective.

### United States & Canada

**Qian Qichen, U.S. Undersecretary Tarnoff Meet**  
*OW2808160895 Beijing XINHUA Domestic Service*  
*in Chinese 0812 GMT 27 Aug 95*

[By reporter Zhang Yijun (1728 4135 0193): "Qian Qichen Meets U.S. Undersecretary of State Tarnoff"]

[FBIS Translated Text] Beijing, 27 August (XINHUA) — When meeting Peter Tarnoff, U.S. undersecretary of state in charge of political affairs, at the Diaoyutai State Guesthouse this morning, Qian Qichen, vice premier of the State Council and concurrently minister of foreign affairs said: The base of Sino-U.S. relations is the three Sino-U.S. joint communiques reached by leaders of the two countries after long discussions, with the core being the Taiwan issue.

He said: The U.S. permission for the visit by Li Teng-hui has brought about serious consequences for relations between China and the United States, very greatly hurt the feelings of the Chinese people, and caused tensions in the relations between the two sides of the strait.

Qian Qichen pointed out: China attaches importance to its relations with the United States and hopes that both sides will increase mutual trust and reduce problems so as to avoid the recurrence of such an event.

Tarnoff stated: The recent event has made the United States all the more aware of the importance and sensitivity of the Taiwan issue. The United States attaches importance to and respects China's position on the Taiwan issue.

He said: The United States maintains that, from the perspective of a world strategy, China has an important status, and we hope to maintain and develop a sound relationship with China.

Tarnoff arrived in Beijing on the evening of 25 August. According to the agreement the foreign ministers of the two countries reached in Brunei, the purpose of Tarnoff's current visit is to hold consultations at the deputy-foreign-minister level.

On the morning of 26 August, Li Zhaoxing, Chinese vice minister of foreign affairs, held consultations with Tarnoff on how to eliminate the consequences to Sino-

U.S. relations brought about by Li Teng-hui's visit to the United States.

Sources said: During the consultations, Tarnoff said: The United States maintains a one-China policy, abides by the three Sino-U.S. joint communiques, and opposes the position of "two Chinas" or "one China, one Taiwan" as well as Taiwan's attempt to join the United Nations.

### Harry Wu Called 'Spy'

*HK2908064895 Hong Kong WEN WEI PO in Chinese*  
*29 Aug 95 p a2*

[Editorial: "China Brought Harry Wu Hongda to Trial According to Law"]

[FBIS Translated Text] The Wuhan City Intermediate People's Court sentenced Chinese-American Harry Wu Hongda to 15 years in prison and to be expelled from the country after finding him guilty of the crimes of stealing, spying, and illegally providing state secrets to overseas institutions, organizations, and people, and of passing himself off as a Chinese government worker to carry out deceptive activities.

After Harry Wu Hongda was detained by China, the United States immediately disguised him as a "human rights activist," and urged China to "release him immediately." It used the coercion of "adversely affecting" Sino-U.S. relations to put pressure on the Chinese Government. China never yielded to this coercion, and stuck to the principle of judicial independence. It pointed out that within the boundaries of China, all foreigners must abide by Chinese law, and that whoever violates it will be punished according to the law. This is an important issue of principle, which concerns Chinese sovereignty; no one is allowed to be vague on this point. If China is unable to defend the authority of Chinese law, any foreign country can send spies like Harry Wu Hongda to China to collect intelligence. When their conspiracy is unmasked, all spies can be released without trial. Such being the case, there is no way to protect China's security. How can we begin to talk about sovereignty? Is this not the same as extraterritoriality in the period of old China? Such period of humiliation was over a long time ago.

The United States fears the trial of Harry Wu Hongda's case because once it is tried, the whole truth will come out. The U.S. lie that Wu is a "human rights activist" can no longer deceive people. Now people throughout the world know that Harry Wu Hongda is a spy who was shouldering a task of collecting intelligence and working for the United States in order to distort facts, attack China, and then, in commercial matters, restrict the exports of Chinese goods to the United States. Harry Wu

Hongda invented stories, counterfeited videotapes, and spread rumors to bring shame on China. The purpose of doing so was to create pretexts for the United States to impose sanctions on China.

During the trial, Harry Wu Hongda admitted his guilt of slipping into Chinese factories twice to steal classified documents, and of passing himself off as Chinese policeman to sneak into Qinghai Prison to use a camera to film the prison's restricted zone. He also admitted guilt in secretly collecting information and filming the guard facilities and layouts of Shanghai Prison. No one is allowed to steal confidential state documents. No foreign spy is allowed to stealthily film or draw maps of the state's restricted zone, including prison layouts and guard facilities. After obtaining these materials, Harry Wu Hongda provided them to overseas institutions. Before coming to China, he received special training for four months. All the facts have proved that Harry Wu Hongda is truly a spy rather than a "human rights activist." We would like to ask: Can the law of any country tolerate the wild conduct of foreign spies?

China resolutely exercised its sovereignty to try Harry Wu Hongda. This deflated the arrogance of foreign spies. All descendants of the Emperors of Yan and Huang who have national self-esteem favor what China has done. However, some people fan up evil winds and shoot arrows from hiding with regard to China's trial of the Harry Wu Hongda case, saying that imposing a heavy sentence on Wu first, then releasing him means that China "succumbed to pressure by the United States" and "treats Chinese law as a trifling matter," and that the act is "devoid of legal ground," and so on.

Actually, such views have their own ulterior motives, and are devoid of legal knowledge and minimal logic. The United States urged China to release Wu without trial, but China tried him and exposed his identity as a spy to the light of the day. Instead of making any concession, this showed that China had stuck to the principle of sovereignty in the political contest. During the trial, China took the measurement of penalty according to Chinese criminal law. If criminal elements adopt a better attitude in admitting their guilt and make a clean breast of their crimes, the penalty can be reduced. Principals are punished heavily, whereas accessories are punished lightly. Harry Wu Hongda acted on the instigation of foreign institutions and was utilized by them. He made a clean breast of his crimes and pledged that he "would not be utilized by anti-China and anti-Communist force again," and that "I am determined to withdraw from the Labor-Through-Reform Foundation." He also keenly "regretted the consequences caused by myself." People saw all this on the television screen.

Therefore, the sentence passed by the Chinese court on him is appropriate.

Article 30 of the Chapter Three of the Chinese Criminal Law states: "An annex of expulsion can be applied to foreigners who have committed crimes..." Harry Wu Hongda is an American citizen, not a Chinese citizen. China acted completely according to the Criminal Law in expelling him as a foreign criminal. Actually, in the international community, expulsion is often used to deal with foreign spy cases. The United States, France, and Britain do so. When China did so, why was it distorted as "treating Chinese law as a trifling matter?"

#### Bill on Reducing Foreign Aid Viewed

HK2908053095 Beijing RENMIN RIBAO in Chinese  
2 Jun 95 p 6

[Article from "International Forum" column by Huang Qing (7806 2532): "Commenting on World Bank Advertising"]

[FBIS Translated Text] Beginning on 16 May, the World Bank placed successive advertisements in such major American newspapers as the WASHINGTON POST, hoping to influence the debate in the U.S. Congress about reducing foreign aid, including the debate on reducing funding for the International Development Association of the World Bank. This behavior is unprecedented in the history of the World Bank.

The World Bank does its best to thoughtfully persuade in these ads: It says that if America provides \$1 in aid, it can obtain profits from exports worth more than \$4; developing countries now purchase American commodities worth about \$200 billion every year and create about four million jobs for America. Moreover, the officials of the World Bank express that the International Development Association helps the poorest countries and in the meantime also creates future markets and stabilizes investment in these areas. This is much more economical than giving aid after disasters occur.

Although the ad talked with great earnestness, the audience paid little attention. The Congressional committee in charge of internal and external banking policy recently passed a bill to reduce funding of the International Development Association by 36 percent. If this bill becomes law, the American action to cut the aid will lead other industrial countries to follow suit. The International Development Association's ability to aid the poorest African countries will be greatly weakened.

In the U.S. Congress, the arguments for reducing aid are based on the following: Now that the Cold War is over, the situation has changed and it is unnecessary for America to ask poor countries for support. America

also has no strategic interests in Africa. Some people even speak more openly that America has no moral responsibility to poor countries. Some people in the U.S. Congress are very strange. When they talk about human rights, they are like "the gentlemen who understand ethics," and they give the appearance of being righteous; when they talk about financial aid, they are like "the small men who understand only gain," and they speak out with conviction. Two sets of logic are used at the same time, and they do not feel self-contradictory at all.

In the U.S. Congress, some people who advocate aid to Africa feel very sad. Some people say that if the motive is not racism, the result is racism without a doubt. Some people think that one of the features of Congress is the politics of lobbying, that the person with long sleeves is better at dancing, and that people with might are the ones who benefit. The aid received by Israel, which ranks at the top of the list of American foreign aid, is never cut, while African countries, which most urgently need aid, suffer the greatest loss in the cutback of U.S. foreign aid.

On the problem of U.S. foreign aid, there is another incident worth much pondering. In a public opinion poll this January, 75 percent of those polled thought that U.S. foreign aid accounts for too much of the federal budget, that its proportion has reached 18 percent and a reduction to 8 percent would be more appropriate.

In fact, U.S. foreign aid accounts for only 1 percent of the federal budget! The United States is an information-developed society, but on such a simple basic fact, how can there appear a social misconception with an 18-fold discrepancy? It makes one mull it over a hundred times and still not work it out. Seen from this, if the U.S. Congress represents "public opinion," then perhaps what it represents is this kind of social misconception which is absurdly wrong.

#### **Article Says CIA 'Changing Direction'**

HK2908012595 Hong Kong HSIN WAN PAO  
in Chinese 24 Jul 95 p 3

[Article from "Every Night Talk" column by Yang Chu (5017 2612): "CIA Is Changing Direction"]

[FBIS Translated Text] According to a report carried in the LOS ANGELES TIMES, the CIA has recently been commended by the White House for its role in recent U.S.-Japan negotiations on auto exports and in other economic disputes. This may be seen as a morale booster to this internationally-renowned old hand at secret service which has been in a morale ebb in recent years.

U.S. Trade Representative Kantor expressed satisfaction over the intelligence provided by the CIA in the U.S.-Japan auto trade negotiations. Through grasping the stand and baseline of the opposite party, the U.S. Government knew how much bargaining power it had and successfully reached an accord, thereby averting a trade war which could hurt both sides.

The CIA also made another achievement recently. When the U.S.-based Thomson Telecommunications Co and its French rival were bitterly fighting for a huge telecommunications contract handed out by the government of Brazil, American secret agents stepped in and blew the whistle on the bribing of Brazilian officials by the French company. Thanks to them, the American company won the contract.

These moves of the CIA indicate a gradual change in direction from its traditional activities of gathering political and military secrets to the gathering of economic intelligence. It is beginning to taste the first fruits of success in this regard.

The CIA had found itself without any aim and at a loss what to do following the disintegration of the Soviet Union and the end of the Cold War. This was followed by demands from Congress to cut CIA staff and funding. The position of the CIA in the White House also steadily declined. The CIA director was often left out when Clinton called meetings of his aides.

The biggest blow suffered by the CIA was the spy scandal over senior CIA official Aldrich Ames. With condemnation coming from all sides, morale was at its ebb. Young and able officials resigned one after another, and those who stayed were full of grievances.

According to sources in the CIA, President Clinton later made clear to them what their job nature was. From now on, priority is to be given to the gathering of economic intelligence to strengthen the competitive edge of the United States in international economic and trade activities. This instruction gave the CIA clear objectives. Reforms were carried out accordingly.

Although the CIA has achieved some success in its new direction of work, it is still faced with many problems. For example, training previously given to its employees is no longer suited to new missions and needs to be redesigned. Moreover, since the gathering of intelligence is often targeted against allies, bilateral relations may be affected if it makes the wrong move. In the first half of this year, for example, trouble broke out between France and the United States over the expulsion of spies.



**Editorial on Mending Sino-U.S. Relations**

HK2908084095 Hong Kong WEN WEI PO in Chinese  
28 Aug 95 p a2

[Editorial: "The U.S. Side Is Slightly Flexible, and Sino-U.S. High-Level Consultations Continue"]

[FBIS Translated Text] Following the meeting in Brunei between the Chinese foreign minister and the U.S. secretary of state early this month, China and the United States continue to discuss through diplomatic channels ways of solving the problem of the serious consequences brought about by the United States' permitting Li Teng-hui to visit the country. On the evening of 25 August, U.S. Undersecretary of State Peter Tarnoff arrived in Beijing to hold consultations with Chinese Vice Foreign Minister Li Zhaoxing.

At present, the core issues of Sino-U.S. relations are: 1) Li Teng-hui is pursuing "Taiwan independence" and "two Chinas." The United States' permitting Li Teng-hui to visit the country means that it is actually coordinating with the Taiwan independence activities. This act by the United States has severely undermined the foundation of Sino-U.S. relations. 2) The key issue of the three Sino-U.S. Joint Communiques is Taiwan. If the United States treats Taiwan as an independent political entity and coordinates with the Taiwan independence movement, this inevitably will lead to tension in the Taiwan Strait, and will run counter to the target of peaceful reunification mentioned in the three Joint Communiques. 3) It has always been an administrative department in the United States which pursues foreign policy. It is the responsibility of this administrative department to implement the three joint communiques. This department is not allowed to shirk its responsibility under the pretext that its views are different from those of Congress. 4) The deterioration in Sino-U.S. relations was caused by the United States' breaking its diplomatic promise by inviting Li Teng-hui to visit the country. Therefore, whoever started the trouble should end it; the U.S. side must take measures to dispel the severe consequences. Only thus can Sino-U.S. relations return to normal.

In early August, the U.S. side still emphasized that Li Teng-hui's visit to the United States was only a product of special circumstances. In the future, the issue of such visas "should not be frequent." The Chinese side can never accept such an attitude by the U.S. side. What does "should not be frequent" mean? This means that the United States can still openly permit Li Teng-hui to visit the country, and what should be controlled is only the frequency, namely, "should not be frequent." Such an attitude runs counter to the three joint communiques. Everyone knows Li Teng-hui's identity. Once he sets

foot on the soil of the United States, his visit to the country cannot be a private one. His trip to Cornell was an out-and-out political trip, the purpose of which was to pursue "two Chinas" and "Taiwan independence." The United States coordinates with it. This means that it has abandoned the "one-China" principle, has trampled on its promise made during the establishment of diplomatic relations, and has worsened Sino-U.S. relations. If the United States lets Li Teng-hui visit the country again in the form of "not occurring frequently," Sino-U.S. relations can only deteriorate further.

When meeting with Li Zhaoxing, Tarnoff stressed that the United States pursues a one-China policy; abides by the three Sino-U.S. Joint Communiques; and is opposed to the stand of "two Chinas" or "one China, one Taiwan," to Taiwan independence, and to Taiwan's joining the United Nations. When meeting with Qian Qichen, Tarnoff said: "From the recent incidents, the United States has gained a better understanding of the importance and sensitiveness of the Taiwan issue, and attaches importance to and respects China's stand on the Taiwan issue." This approach is an improvement on the U.S. position early this month. China's stand is known to all, that is, Li Teng-hui should not be allowed to visit the United States again. When meeting with Tarnoff, Qian Qichen reaffirmed this stand; Tarnoff did not make a commitment not to allow Li to visit the United States again, but he spoke in a roundabout way, indicating indirectly that the United States "attaches importance to and respects China's stand," and avoids "provoking important and sensitive issues again." Tarnoff stressed that viewed from the world strategic angle, China has an important position, and the United States hopes to maintain and develop good relations with China.

The period between now and March next year is still one in which China "listens to what the United States says and sees how it acts." If the United States and Li Teng-hui flirt with each other [mei lan yan qu 4168 0171 4190 0637] in the diplomatic field, there will be relapses [fan fu 0646 6010] in Sino-U.S. relations.

After meeting with Qian Qichen, Tarnoff announced to reporters that Clinton hopes to meet with Chinese President Jiang Zemin in the United States in October to discuss the improvement of damaged Sino-U.S. relations. Detailed arrangements for the relevant itinerary will be discussed by both parties. This shows that obstacles to Sino-U.S. relations are yet to be removed, but high-level consultation is conducive to the solution of problems. The United States should understand that the Taiwan issue is a high-tension wire that should not be violated. Any attempt to interfere in China's internal affairs will hurt [shang hai 0281 1364] the feelings of the Chinese nation. With regard to the attempt by any for-

eign force to carve Taiwan from China's territory, the Chinese people will firmly oppose it, will take up the challenge of hegemonism, and even will not be afraid of shedding blood and making sacrifices.

#### **Sino-U.S. Ties 'Have a Long Way To Go'**

*HK2908081895 Hong Kong WEN WEI PO in Chinese  
29 Aug 95 p*

["Special article" by Kuan Wen-Liang (7070 2429 0081), WEN WEI PO special correspondent based in New York: "Have Sino-U.S. Relations Bottomed Out?"]

[FBIS Translated Text] New York, 28 Aug — When the U.S. Undersecretary of State Peter Tarnoff concluded his two-day talks in Beijing, a report from Washington had it that Presidents Clinton and Jiang Zemin will hold a summit in October in the United States. Every indication suggests it is true that President Clinton will invite President Jiang Zemin to make a formal visit to the United States in October, but the summit does not mean that Sino-U.S. relations will turn for the better, but rather indicates they will not worsen.

#### **Washington's Anti-Chinese Design Came to Nothing**

Outwardly, Washington gives top priority to overall interests, and is eager to repair Sino-U.S. relations after comprehending the serious damage done to bilateral ties by Li Teng-hui's visit. In essence, however, Washington's main purpose of allowing Li to visit the United States irrespective of China's opposition was to test China's response to the very sensitive Taiwan issue, and in particular, to exert pressure on the post-Deng Chinese leadership at a time when there was a report overseas in the spring of this year that Deng Xiaoping's health had deteriorated, in an attempt to achieve something on more important issues. However, things went contrary to their wishes: Deng Xiaoping remained in good health; more importantly, Chinese leaders made a decisive response to Li's U.S. visit, and clearly stated that state sovereignty was more important than Sino-U.S. links, implying that they would not hesitate to cross swords with the United States if necessary. As a result, Washington's anti-Chinese design came to nothing, the plan to make Li a vanguard failed, and Sino-U.S. relations soured. Then Washington began to change its strategy, and made peace overtures to Beijing.

#### **Clinton's Three-Page Personal Letter**

The chance to prevent Sino-U.S. relations' going from bad to worse turned up when the foreign ministers of the ASEAN countries met. At that time, U.S. Secretary of State Warren Christopher handed to Chinese Vice Premier and Foreign Minister Qian Qichen President Clinton's personal letter to President Jiang Zemin. Ac-

cording to U.S. sources, President Clinton, in his three-page letter, explained to Jiang the "reasons" for allowing Li to visit, mainly stressing that it was a "private visit," without political implications, and that the practice complied with U.S. traditional cultural values. In addition, President Clinton expressed his opposition to Taiwan independence and to Taiwan's joining the United Nations, and reiterated the U.S. commitment to the "three joint communiques" governing Sino-U.S. relations.

The meeting between Christopher and Qian Qichen failed to reach any substantial reconciliation agreement, but the "atmosphere reportedly was fairly good." The two sides agreed to continue high-level contacts and to settle differences through dialogue. In early August, U.S. reports said that Beijing had "responded favorably" to President Clinton's letter, and that the two leaders were likely to meet in the coming fall, when Jiang Zemin will be in New York to attend the ceremony marking the 50th founding anniversary of the United Nations. However, the reports also indicated that it remained undecided whether the two would meet in New York, or whether Clinton would invite Jiang to make a formal visit and hold talks in White House. Judging by developments over the past two days, however, people can be almost certain that Jiang will be invited to make a formal visit to the United States and to go to Washington to hold talks with President Clinton.

#### **The U.S. Side Made Peace Overtures**

Beijing stressed that Washington must take practical action to eliminate the undesirable consequences brought about by Li Teng-hui's U.S. visit. Shortly afterward, reports had it that Li Teng-hui considered it "inconvenient" for him to attend the U.S.-Taiwan economic conference to be held in Alaska in November. No high-ranking Taiwan officials have visited the United States over the last three months. When the United States established diplomatic ties with Vietnam, the secretary of state also said clearly that "it was not directed against any third country." Recently, the Philippines has made fewer clamors regarding sovereignty over the Nansha [Spratly] Islands. In addition, the White House overtly or covertly hinted on several occasions that First Lady Hillary Rodham Clinton is inclined to attend the World Conference on Women due in Beijing early September, and finally gave her the go-ahead. In the meantime, the White House said that President Clinton "had not time" to receive the visiting Dalai Lama. Again, a person of good sense was certain that China's two war exercises in the East China Sea were directed against Li Teng-hui and the forces favoring Taiwan independence on the island. The Taipei authorities have repeatedly urged the

United States to condemn China, but Washington made only a very low-key response. All these things can be regarded as the Clinton administration's desire to "repair ties."

#### **Anti-Chinese Forces Have Not Lost Strength**

In terms of international relations, Washington's moves over the last three months cannot be interpreted as "concessions" to China. Washington only rapidly replaced the old strategy with a new one to deal with Beijing. Certainly in so doing they also hoped to improve cold relations with China. Political observers here noted that in August, when the U.S. Congress went into recess and congressmen went on holiday, the clamors of politicians in Congress for blockading and pressuring Beijing calmed down suddenly, but this does not mean that anti-Chinese forces in Congress are on the decline. Again, there is not even a slight decrease in the mainstay of the media hostile to China.

To meet the needs of its foreign policy, the White House keeps a certain distance from anti-Chinese forces at one time, and colludes with them at others. Sometimes it even changes into an instigator of the anti-Chinese campaign. There are no reasons for Clinton, who is to run for a second term next year, to break off relations with China to the detriment of U.S. trade and economic interests. However, he is also unlikely to make concessions to Beijing on all existing issues, including Taiwan, arms sales, human rights, and trade conflicts. Undoubtedly, the two sides have a long way to go to really restore their friendly relations and mutual trust.

#### **Central Eurasia**

##### **Sino-Russian Border Bridge Opens to Traffic**

*HK2908061995 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 21 Jul 95 p 1*

["On-the-Spot News Brief" report by staff reporter Li Kefu (2621 0344 1133): "A Bridge Is Built on Sino-Russian Border"]

[FBIS Translated Text] Heilongjiang's Hulin county — a place where the sun rises earliest in China, the origin of the farm reclamation of the "northern wilderness," and the location of Zhenbao Island — was colorfully decorated on 20 July. Thanks to the concerted efforts of China and Russia, the Jiehe Bridge-Songacha Jiehe Bridge on the Sino-Russian border was completed after two and half years' construction.

The bridge, which is 207 meters long and 13 meters wide, was constructed with both Chinese and Russian investment, and was designed by the Russian party. At the inauguration ceremony, the director of Ebinhai's

Highway Department, representative of the contractor, presented a big key to the county administrative officers of both China and Russia, which indicated the official opening of the bridge to traffic. In light of their customs, Russian girls presented freshly toasted bread to figures from both sides to share the fruit of friendship and cooperation.

It was the common expectation and desire of both the Chinese and Russian peoples to build the bridge. Hulin County Magistrate Zuo Kuihua told this reporter: "Hulin has developed by leaps and bounds in opening up to the outside world in recent years, but border transportation has been inconvenient. Now we have erected the Jiehe Bridge; connected a microwave line; built comprehensive service buildings; and expanded car parks, bus stations, and customs warehouses. Hence, we have better conditions for opening up."

The Niznemichajlovka post, which is opposite Hulin, is a passenger and cargo transport post approved by the Russian Federation. The 100 km area around the post is an economically developed zone in the Russian border. Mayor Safuinke [5646 3940 3830 0344] said: "It was the desire of both sides to build the bridge. It is a bridge of friendship, which will play an enormous role in strengthening our cooperation and contacts."

Inhabitants of the two countries sang and danced on the bridge. The manager of the Hunlin International Trade Company told this reporter: "In the past, the two sides had to pass over a suspension bridge in summer and over the ice in winter to deliver goods to the other side. With such a big bridge today, how can those engaged in border trade not feel excited?!"

After the inauguration ceremony, a long line of trucks left the Chinese border, heading to Russia via the bridge. The scene of depression and desolation has gone; it will be replaced by one of prosperity.

#### **Further on Bridge**

*SK2508062395 Harbin HEILONGJIANG RIBAO in Chinese 25 Jul 95 p 1*

[Report by Li Changjiang (2621 7022 3068): "Grand Bridge Spanning Sino-Russian River Boundary Opens to Traffic"]

[FBIS Translated Text] As a permanent highway bridge along the border of China and Russia, the grand bridge spanning Songacha He, a river boundary in Hulin, was open to traffic on 20 July.

At 207 meters long and 13 meters wide, this bridge had its construction undertaken by Russia beginning at the end of 1992. A total of \$960,000 was invested by both sides.



Sun Kuiwen, vice governor of Heilongjiang Province, and Yikuali Blaqiuk [as transliterated], deputy administrative director of the Maritime Region in Russia, attended the ribbon-cutting ceremony.

Hulin Land Port is a first-class open land port. Over the past few years, in addition to its rapid development of bilateral trade and tourism, Hulin County conducted all-round planning and construction on this port. At the site of the port, both sides erected 50 pairs of audio-frequency electric cable, each with a length of 1 kilometer; opened 30-line digital microwave electric circuits between Hulin and Jixiang and between Lesozavodsk and Markovo; and built parking lots, passenger transport stations, storage grounds, and joint office multi-functional service buildings. Hulin Land Port is a backbone goods delivery port in the open belt of the province's eastern border; it is provided with complete functions and advanced equipment, and is not affected by weather and seasons.

The opening of this bridge will make Hulin Port's car handling capacity total 400 cars daily, with the annual goods delivery capacity reaching 1.5 million tonnes. After the ribbon-cutting ceremony, the director of the Maritime Regional Highway Bureau handed the keys that symbolized the opening of this bridge to administrative officials of both sides.

### Northeast Asia

#### Japanese Education Minister's War Remarks Viewed

HK2908023395 Beijing RENMIN RIBAO in Chinese  
15 Aug 95 p 6

["International Forum" Article by Gu Ping (0657 1627): "Make Real Self-examination, Rather Than Insincerely Acknowledging Mistakes"]

[FBIS Translated Text] Today, when all countries in the world are summarizing the experiences and lessons of World War II further to expose and criticize the crimes of fascist aggression, important figures from Japan's political circles have kept coming out to reverse the verdict on the aggressive war, and to challenge the Asian people and international community. Newly appointed Japanese Education Minister Yoshinobu Shimamura is the latest among them.

On 8 August, when Shimamura had just taken office, he talked a lot of nonsense, saying whether or not a war was aggressive was only an "issue of a way of thinking," that "the victor was precisely the aggressor." He even taught other countries that they "should not keep picking on Japan." Shimamura's statement drew fire instantly. Out of pressure at home and overseas, he made an

ostentatious and pretentious statement the very next day to go through the motions of "retrieving his earlier speech." Nevertheless, public opinion has noticed that what Shimamura did on 8 August was simply reading according to "the prime minister's understanding on the war issue." In addition, in defending himself, he said that "others had misunderstood his words." In light of the fact that Shimamura has problems in his understanding of the war issue, people have grounds to believe that his 9 August statement expressing where he stood was just a pretence to acknowledge his mistake, and that what he said on 8 August came straight from his heart.

In fact, Shimamura was not the first among Japanese politicians to pretend to acknowledge a mistake. Prior to this, several cabinet members had given similar performances, of whom the worst should have been Noburyo Okuro [1159 6851 6134 0081]. Back in 1988, he went to a memorial service at the Yasukuni Shrine in his capacity as a cabinet member, and spoke at great length defending Japanese militarism. Under the pressure of public opinion at home and abroad, he dodged about in such words as "Japan must profoundly examine its past mistakes." Nevertheless, when he left office, he doubled his efforts to muster right-wing forces to go back on his words. A few days back, he talked wildly again, saying: "It was a war of self-defense that Japan waged," "to emancipate the great East Asia, which had reduced to the colonies of Caucasians." Those were sheer deceitful statements, and unbridled at that.

The speeches and behavior of Shimamura and Okuro have demonstrated that there actually exists a stubborn right-wing force in Japan which today has still refused to acknowledge Japan's past crimes. Whenever there is a chance, they inevitably come out to put on a show. This being the case, people must maintain necessary vigilance.

A recent poll in the ROK demonstrated that over 70 percent of Koreans believe that Japan is a country "which is as near as it is remote." As Japan's close neighbors, various countries in Asia are willing to develop relations with Japan; however, as the aggressor and enslaver that brought great disasters to those countries, Japan has failed to earnestly examine, apologize, and make necessary compensation as of today — 50 years after the war. Furthermore, some people have even repeatedly distorted and beautified its history of aggression, which certainly is unacceptable to the Asian peoples, who cannot but harbor the necessary vigilance. Japan is a country "that is as near as it is remote" — that has most truthfully portrayed the psychology of the Asian peoples. Does this not provide the powers that be in Japan with much food for thought?

In Shimamura's 8 August speech, he complained against others' "picking on Japan." In actual fact, it is precisely Shimamura and his ilk that have refused to get rid of their historical burden. To get the understanding and forgiveness of the Asian peoples, Japan must earnestly review history and acknowledge its crimes in the aggressive war. That is precisely the least demand of the peoples of various Asian countries on important figures from Japan's political circles.

**Li Lianqing Presents Book on War of Resistance**

OW2808144795 *Beijing XINHUA in English*  
1344 GMT 28 Aug 95

[FBIS Transcribed Text] Beijing, August 28 (XINHUA) — A ceremony was held here today to present the Japanese version of a book concerning China's War of Resistance to Japan, the first to be compiled by Chinese experts and published in Japan since the end of World War II.

The book's title is Pictorial History of China's War of Resistance to Japan.

At the ceremony, Li Lianqing, vice-president of the Foundation for International and Strategic Studies (FISS), presented copies to representatives from 16 news organizations, such as Japan's KYODO NEWS SERVICE and the JIJ NEWS AGENCY, and to Chinese research centers of Japanese issues.

The book was compiled by the FISS to commemorate the 50th anniversary of the victory of China's War of Resistance to Japan as well as the victory in the world's anti-fascist war, and has both Chinese and Japanese versions, the latter of which was published by G&P News Publishing Inc. of Japan.

In an inscription done for the book, Chinese President Jiang Zemin wrote, "The historical achievement and the tradition of China's War of Resistance to Japan as well as the national integrity and patriotism it demonstrated will be long-lasting".

**Monument to Anti-War Japanese Martyrs Unveiled**

OW2908052795 *Beijing XINHUA in English*  
0443 GMT 29 Aug 95

[FBIS Transcribed Text] Xian, August 29 (XINHUA) — A monument to 22 Japanese, who had dedicated their lives to an anti-war struggle during the War of Resistance Against Japanese Aggression, was unveiled at the former site of a Japanese school in Yanan this week.

A delegation composed of anti-war struggle participants flew from Japan for the occasion.

With help from the Communist Party of China and the Eighth Route Army, a number of Japanese prisoners of war set up a group called the Anti-War Alliance in 1939. They launched vigorous anti-war publicity aimed at the invading Japanese troops.

The erection of the monument shows the respect of the Chinese people for the anti-war activists and their determination to maintain world peace, said the organizer of the activity.

**Mongolia Marks 50th Anniversary of War**

OW2908030995 *Beijing XINHUA in English*  
0241 GMT 29 Aug 95

[FBIS Transcribed Text] Ulan Bator, August 29 (XINHUA) — Mongolia has organized a series of commemorative activities to mark the 50th anniversary of the end of World War II.

The Defense Ministry and the Mongolian Academy of Science have jointly organized several symposiums on the history of the war.

Leaders of the ruling Mongolian People's Revolutionary Party also held a get-together with war veterans.

A nationwide celebration scheduled to be held on September 2-3 will be the highlight of the activities. Russian and Chinese military delegations have been invited to attend.

**Jiang Zemin Comments on Sino-DPRK Relations**

OW2708160295 *Beijing XINHUA in English*  
1535 GMT 27 Aug 95

[FBIS Transcribed Text] Beijing, August 27 (XINHUA) — Chinese President and General Secretary of the Central Committee of the Communist Party of China (CPC) Jiang Zemin and member of Standing Committee of the Political Bureau of the CPC Central Committee Hu Jintao watched a performance given by the Wong Zhai Shan [spelling of name as received] light-music troupe from the Democratic People's Republic of Korea (DPRK) here this evening.

Before the performance, Jiang and Hu met with head of the group and some artists of the troupe.

Jiang said during the meeting that China and DPRK maintain traditional friendship, which was fostered and developed by Mao Zedong, Kim il-song and other leaders of the elder generation. This kind of friendship has been cultivated by peoples of the two nations in hard struggles and has stood the test of time, Jiang noted.

The CPC as well as the Chinese government will, as always, make unremitting efforts in reinforcing and

promoting the traditional friendly relations between the two countries, he added.

Jiang expressed the belief that under the leadership of Kim Chong-il, the people of DPRK will carry on the causes pioneered by Kim Il-song, and score new achievements in its national construction as well as in the cause of realing self-reliance, peace and reunification. Sino-DPRK friendship will be ever-lasting, he added.

During the 75-minute performance, DPRK artists presented Korean light music items, Songs and dances, as well as Chinese Songs. They won repeated applauses from the audience.

After the performance, Jiang Zemin and Hu Jintao went onto the stage to shake hands with the DPRK artists and congratulated them on the success of the performance.

The Wong Zhai Shan light music troupe is the top music group of its kind in DPRK. It is here at the invitation of the Chinese Ministry of Culture.

#### **Zou Jiahua Meets ROK Finance Delegation**

*OW2808145195 Beijing XINHUA in English  
1353 GMT 28 Aug 95*

[FBIS Transcribed Text] Beijing, August 28 (XINHUA) — Chinese Vice-Premier Zou Jiahua met with a delegation from Ministry of Finance and Economy of the Republic of Korea (ROK) here today.

The delegation, headed by Yi Suk-chae, ROK vice-minister of finance and economy, is here to hold regular talks with China's State Planning Commission in a bid to explore bilateral exchanges and cooperation in industrial and banking fields.

### **Southeast Asia & Pacific**

#### **Singapore President, Minister Continue Visit**

##### **Li Ruihuan, Lee Kuan Yew Meet**

*OW2808133895 Beijing XINHUA Domestic Service  
in Chinese 1232 GMT 23 Aug 95*

[By reporter Zhang Yichun (1728 4135 0193)]

[FBIS Translated Text] Beijing, 23 Aug (XINHUA) — While meeting with Singapore's Senior Minister Lee Kuan Yew at the Great Hall of the People in the afternoon of 23 August, Li Ruihuan, chairman of the Chinese People's Political Consultative Conference, said as the building of spiritual civilization is a task that affects the nation's entire situation in the process of building socialism with Chinese characteristics, China hopes to enhance exchanges and cooperation with Singapore in this respect.

Li Ruihuan added that at present the Chinese people are concentrating their efforts on economic construction. Practice has shown that if the economy does not develop for a long time and if the people's life does not improve for a long time, it will be impossible to solve other issues.

He said the people's life includes material as well as spiritual life. If the elevation of the people's spiritual life is ignored and if the building of spiritual civilization in society is slighted, economic development will surely be greatly affected. He pointed out: "In the entire course of building socialism with Chinese characteristics, we have always treated the building of spiritual civilization as a task that affects the nation's overall situation."

Li Ruihuan said engaging in spiritual civilization building is a completely new task under the conditions of developing a socialist market economy. China has indeed scored marked results in this regard, but it also has some problems. It is necessary to sum up and carry forward the results as well as to stress and solve the problems.

He said Singapore has a lot of successful experiences in building spiritual civilization. Its integration of traditional culture with modern science to create a modern management system is particularly worth studying and borrowing by China. He expressed the hope of enhancing bilateral exchanges and cooperation in this area.

Lee Kuan Yew concurred, saying every country has its own culture. No country has the right to forcefully impose its own value concepts on other countries. He said: "The Orient has its own spiritual civilization tradition. We should treasure this tradition and preserve and develop it under a modern environment, because it is the foundation for our existence and development."

The host and guest continued to exchange views on other issues of common interest in a warm and friendly atmosphere. Li Ruihuan said Lee Kuan Yew is an old friend of the Chinese people. He also expressed appreciation for Lee Kuan Yew's precious contributions over the years to the development of friendly Sino-Singapore relations, particularly to the promotion of mutually beneficial economic cooperation between the two countries.

Lee Kuan Yew is visiting China with Singapore's President Ong Teng Cheong. Lee Kuan Yew will also visit Hebei Province and consult with Chinese officials on ways to develop mutually beneficial economic and trade cooperation in China's inland areas.



**Lee Visits Hebei Enterprises**

OW2808134895 *Beijing XINHUA Domestic Service in Chinese 1336 GMT 26 Aug 95*

[By reporter Yang Xinhe (2799 2450 3109)]

[FBIS Translated Text] Shijiazhuang, 26 Aug (XINHUA) — After winding up a 4-day visit to Hebei Province, Singapore's Senior Minister Lee Kuan Yew departed Shijiazhuang for Shanghai on a special plane.

Lee Kuan Yew, his wife, and Singapore's President Ong Teng Cheong arrived in Hebei's Qinhuangdao on 22 August, accompanied by dozens of businessmen, representatives of the Singapore economic and trade delegation. Lee Kuan Yew and the Singapore business delegation started visits to regions in Hebei, including Qinhuangdao, Langfang, and Shijiazhuang.

During his stay in Hebei, Lee Kuan Yew toured the Beidaihe beach area. He visited the Kedi Mini Floppy Disc Company, a Sino-Singapore joint venture firm in Langfang city, which the people have long called "the bright pearl on the Beijing-Tianjin Corridor." The Singapore guests also inspected the new and high-technology development zone, the Huabei Pharmaceutical Plant, and the small commodity market in Shijiazhuang city. Members of the Singapore economic and trade delegation also visited some enterprises in Tangshan city at the same time.

On the afternoon of 26 August, the Singapore economic and trade delegation held talks with relevant Hebei departments on cooperative projects that are of interest to both sides in Shijiazhuang. Lee Kuan Yew attended a signing ceremony following the trade talks.

**Lee Meets Party Secretary**

OW2908112495 *Nanjing Jiangsu People's Radio Network in Mandarin 2300 GMT 26 Aug 95*

[From the "Provincial News Hookup" program]

[FBIS Translated Text] Singapore's Senior Minister Lee Kuan Yew and his wife, (Ke Yizhi), as well as his entourage arrived in Suzhou by special plane in the early evening yesterday. He went to Suzhou from Shijiazhuang via Shanghai. Chen Huanyou, secretary of the provincial party committee, made a special trip from Nanjing to Suzhou's Dongshan Hotel to welcome Minister Lee Kuan Yew and his wife. Yang Xiaotang, vice governor; Zhang Xinsheng, Suzhou mayor; and Wu Donghua, director of the provincial Foreign Affairs Office, went to Shanghai's Hongqiao Airport to greet them.

At the airport, Lee Kuan Yew and his wife joyfully accepted the fresh flowers presented by children from Suzhou.

In the evening, Chen Huanyou and Lee Kuan Yew warmly talked about the friendship between the two sides. On behalf of the people in Jiangsu, Chen Huanyou extended a welcome to Minister Lee and his wife on their visit to Suzhou. He said: Minister Lee has visited Jiangsu four times in the last three years. This fully shows the close relationship and friendship between Jiangsu and Singapore. At present, the construction of the Suzhou Industrial Park, a joint Chinese-Singapore venture, is proceeding smoothly, indicating bright prospects for development.

Chen Huanyou pointed out: In the construction of the Suzhou Industrial Park, Jiangsu attaches great importance to cooperation with Singapore and to learning and using Singapore's experience. He indicated: With the concern and support of Chinese and Singapore leaders, construction of the Suzhou Industrial Park will score greater success.

Lee Kuan Yew thanked Secretary Chen Huanyou for the grand reception given to the delegation. He said: One and a half years have passed since Singapore and China began the joint venture of the Suzhou Industrial Park. The park is competing with industrial parks in other Chinese cities and in other parts of the world. Its success hinges on the quality of its people. We hope to see a better service standard in the industrial park in one or two years, or at the most five to 10 years.

**Ong Reviews Visit**

BK2808132195 *Singapore BUSINESS TIMES in English 28 Aug 95*

[Report by Teh Hooi Ling in Shanghai — received via Internet]

[FBIS Transcribed Text] Economic cooperation will remain the main pillar of Singapore and China's bilateral relations, said President Ong Teng Cheong.

But the private sector will be the driving force in that area, as the Singapore and Chinese Governments have agreed to concentrate on the Suzhou industrial township project before they extend their co-operation elsewhere.

Mr Ong said it was useful for governments to be involved in such projects in the early stage and gave a certain push as there were good personal relationships between high level political leaders of both countries.

But the private sector will have to follow through after that.

"Although we have started on the business council for Shandong and the Sichuan working committee, these are for the private sector to eventually take over," said Mr Ong. "Singapore companies know where to go. They don't have to wait for the government to lead them."

Giving a wrap-up of his eight-day state visit to China, the president said he was pleased with the progress of the economic cooperation between the two countries as well as that in health, education and culture which were expanding rapidly.

During his visit, Mr Ong had talks with Chinese leaders in Beijing and both countries agreed that peace and stability was the reason for the rapid growth in the Asia-Pacific region.

"I'm optimistic about the prospects of the Asia Pacific region," he said.

"I think the countries in the region are pragmatic and they are willing to cooperate with one another to maintain peace and stability as they have done before in the international and regional forum such as APEC [Asia-Pacific Economic Cooperation] and ARF [ASEAN Regional Forum]."

Mr Ong will visit Suzhou this morning and return home tonight.

#### Delegation Ends Visit

OW2808141395 Beijing XINHUA in English  
1407 GMT 28 Aug 95

[FBIS Transcribed Text] Shanghai, August 28 (XINHUA) — Visiting Singaporean President Ong Teng Cheong wound up his eight-day state visit to China and left here for home by special plane today.

Senior Minister Lee Kuan Yew also left aboard the same plane.

This morning, President Ong toured the Singapore-Suzhou Industrial Park Project in east China's Jiangsu Province, where he praised the progress that has been made in its construction which had started in February last year.

The Singaporean president expressed his conviction that the Park Project will be certainly a success.

Jiangsu Provincial Governor Zheng Silin met with Ong and Lee and other Singaporean guests at noon today in Suzhou.

#### Gansu, South Australia Sign Agreement

SK2908093795 Lanzhou Gansu People's Radio  
Network in Mandarin 2300 GMT 22 Aug 95

[FBIS Translated Text] On the evening of 22 August, to further strengthen their relations of friendly cooperation, the provincial government and the government of South Australia signed a memorandum on friendly cooperation and understanding at Lanzhou's (Feitian) Hotel. Provincial leaders Lu Kejian, Li Hulin, and Guo Kun attended the ceremony to sign the memorandum. During its visits to our province, the government and the commercial and trade delegation from South Australia State reached a common understanding and a unanimous agreement with our province on many aspects. From now on, all liaison work between the province and the state will be carried out directly through their governments. The governments of both sides hoped the delegations would be sent to each other to conduct commercial exchanges and cooperation at an opportune time in the future. The government of South Australia State is expecting the visit Gansu artists, and is considering sending its artists to visit Gansu in the future.

#### Near East & South Asia

##### New Nepalese Consul General Views Ties

OW2408082695 Beijing XINHUA in English  
0703 GMT 24 Aug 95

[FBIS Transcribed Text] Lhasa, August 24 (XINHUA) — Nepalese new consul general to Lhasa Ang. Dendi. Sherpa has recently said that his government and people would not allow any person to engage in activities aimed at splitting China.

He made the remark in a meeting with officials of the Tibet Autonomous Region shortly after he took office in Lhasa.

The consul general noted that Tibet is an inalienable part of China and the Nepalese government has consistently adhered to its "one China" stand.

Nepal hopes to further strengthen its economic ties with Tibet, Sherpa said.

##### Pakistani Foreign Minister to Visit

OW2808154895 Beijing XINHUA in English  
1529 GMT 28 Aug 95

[FBIS Transcribed Text] Islamabad, August 28 (XINHUA) — Pakistani Foreign Minister Sardar Asif Ahmed Ali will pay an official visit to China from August 31 to September 1, 1995.

This will be his first visit to China since he assumed office as Foreign Minister in 1993, said a press release

issued by the Pakistani Ministry of Foreign Affairs here today.

During his stay in China, the Foreign Minister will hold official talks with his Chinese counterpart on bilateral ties, regional situation and the Kashmir issue, the release said.

He is also expected to call on Chinese Premier Li Peng, it added.

The visit, which forms part of the regular consultations between Pakistan and China, will provide an opportunity to explore new avenues of cooperation, especially in trade and commerce, it said.

The Chinese Deputy Foreign Minister Tang Jiaxuan paid a three-day visit to Pakistan from August 20 this year.

#### **Tang Jiaxuan Visits Sri Lanka**

OW2408082895 *Beijing XINHUA in English*  
0707 GMT 24 Aug 95

[FBIS Transcribed Text] Colombo, August 24 (XINHUA) — Chinese Vice Foreign Minister Tang Jiaxuan arrived here today on a three-day official visit to Sri Lanka.

During his visit here, Tang is expected to have talks with his Sri Lankan counterpart D. P. Wickremasinghe on bilateral issues and regional and international developments.

He will also call on Sri Lankan Prime Minister Sirimavo Bandaranaike, Foreign Minister Lakshman Kadirgamar and other senior officials.

Before coming to Sri Lanka, the Chinese vice foreign minister had visited Bangladesh, India, Pakistan and The Maldives.

### **Sub-Saharan Africa**

#### **Nigerian First Lady To Attend UN Conference**

OW2708045095 *Beijing XINHUA in English*  
0428 GMT 27 Aug 95

[FBIS Transcribed Text] Abuja, August 26 (XINHUA) — The Nigerian First Lady, Mrs Maryam Abacha, said that Nigeria hopes to have broader and closer cooperation with China.

In an interview with XINHUA late Friday night at the Presidential villa, Mrs Abacha said that Nigeria and China are great friends and as both countries are developing countries, Nigeria has a lot to learn from China's experiences in the fields of politics, economy and women's development.

On August 28, Mrs Abacha will head the Nigerian delegation for the Fourth World Conference on Women to be held in Beijing from September 4 to 15.

"In China, women work side by side with men and are very hard-working," said Mrs Abacha, adding that she would work closely with her Chinese counterparts on women's development.

She said that apart from attending the women's conference, she would also have talks with top Chinese government officials on ways to expand economic, educational and health care cooperation between the two countries.

"The Chinese medicine is very good," the First Lady said. In Nigeria, the most populous country in Africa, Chinese medicine is now very popular, especially among the government officials.

During recent years, China has sent several medical teams to Nigeria, and has trained dozens of experts on Chinese medicine for the Nigerian army. Mrs Abacha added that Nigeria hopes to receive more medical assistance from China.

"We also expect more Chinese teachers for our primary schools, secondary schools and vocational schools," said Mrs Abacha.

The First Lady also highlighted the importance of expanding trade with China. Bilateral trade was only about 80 millions U.S. dollars due to the lack of information about each other's latest economic development.

#### **Development Community Closes 15th Annual Summit**

OW2808233595 *Beijing XINHUA in English*  
2200 GMT 28 Aug 95

[By Liu Yegang and Ye Xingzeng]

[FBIS Transcribed Text] Johannesburg, August 28 (XINHUA) — The 15th annual summit meeting of the Southern African Development Community (SADC) ended here today after signing a communique describing peace and stability as a prevailing trend in the region.

Speaking at the closing ceremony, South African President Nelson Mandela said the SADC's 15th summit, which was held at World Trade Center in Johannesburg, has proved to be one of the most important SADC meetings since the establishment of the regional bloc in 1980.

Mandela said the success of the SADC would be an example for the rest of Africa and the world.



The SADC needs to grab the possibilities of emulating successful economies in other regions with both hands and "making it a living reality", the president said, adding it is time to concentrate on economic growth and development issues.

According to the communique, the SADC heads of state and government signed a protocol on "shared watercourse systems" in the region to enhance cooperation in the optimal utilization and conservation of shared watercourse systems.

However, Angola and Zambia said they would sign the protocol at a later date after making internal consultations.

The SADC energy ministers also signed the inter-governmental memorandum of understanding regarding the southern African power pool to create a common pool for electricity in the SADC region.

At the summit, the Indian Ocean island state Mauritius was admitted into the SADC as the twelfth member of the organization.

Mauritian Prime Minister Anerood Jugnauth, who led a delegation to the summit, signed the accession document during the closing ceremony.

The communique also said the SADC would seek to expand its relations with the rival Common Market for Eastern and Southern Africa (COMESA).

A high-level SADC delegation would meet its COMESA counterpart to draw up and recommend appropriate terms of reference for approval at a proposed SADC-COMESA summit, said the communique.

It also said the summit has accepted the invitation of Lesotho Prime Minister Ntsu Mokhehle to host the SADC's next annual summit in Maseru, capital of Lesotho.

The SADC comprises Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe and the newly-admitted Mauritius.

### Political & Social

#### Qiao Shi Meets Foreign Affairs Work Leaders

OW2908102395 Beijing XINHUA Domestic Service  
in Chinese 1228 GMT 25 Aug 95

[By reporter Yang Guojun (2799 0948 6874)]

[FBIS Translated Text] Beijing, 25 Aug (XINHUA) — The National People's Congress [NPC] and its standing committee will further strengthen parliamentary diplomacy to enhance friendship and mutual understanding with foreign parliaments and with the people of foreign countries and to promote the development of China's friendly cooperative relations with foreign countries through contacts with foreign parliaments.

Participants in the closing NPC foreign affairs forum on 25 August stressed the need to adapt to changes in the international and domestic situations, to sum up and share experiences of contacts between various levels of people's congresses with foreign countries, and to raise NPC foreign affairs work to a new level.

During the session, Qiao Shi, chairman of the NPC Standing Committee, met with standing committee leaders in charge of foreign affairs work from people's congresses of various provinces, municipalities, and autonomous regions, and with persons in charge of various NPC special committees and of legal affairs committees under the NPC Standing Committee.

Tian Jiyun, vice chairman of the NPC Standing Committee, pointed out in his speech that parliamentary diplomacy is an indispensable and important part of China's foreign affairs work. He said the NPC's foreign diplomacy must be subordinate to and serve the state's general diplomacy, serve China's socialist construction by creating a peaceful international environment, serve economic construction and reform, and serve socialist democracy and the legal system by improving and perfecting them.

Cao Zhi, secretary general of the NPC Standing Committee, called on all levels of local people's congresses to do a solid and good job of foreign affairs, to strengthen leadership over and enhance coordination of foreign affairs work, to step up investigation and study, and to stress efficiency. He said local people congresses' foreign affairs work is an inseparable and important part of the NPC's foreign contacts.

The NPC and its standing committee have been very active in developing exchanges with foreign countries in recent years. At present, the NPC has established contacts with the parliaments of 138 countries and set up bilateral friendly organizations with 39 countries' parliaments. It is a member of the World Parliamentary Union, the Asia-Pacific Parliamentary Forum, the Asian

Parliamentarians' Population and Development Forum, and the Asia-Pacific Environment and Development Conference. It is also an observer of the ASEAN Countries' Parliamentary Organization Conference. Since its formation, the Eighth NPC has received 158 delegations, totaling 1,593 persons, from foreign parliamentary and international organizations.

#### Qiao Shi Attends Standing Committee Session

OW2808143095 Beijing XINHUA Domestic Service  
in Chinese 1243 GMT 28 Aug 95

[By reporter Liu Siyang (0491 1835 2254)]

[FBIS Translated Text] Beijing, 28 Aug (XINHUA) — The 15th Session of the Eighth National People's Congress [NPC] Standing Committee held a plenary session this afternoon.

Chairman Qiao Shi attended the meeting, which was chaired by Vice Chairman Lei Jieqiong.

Xue Ju, chairman of the NPC Law Committee, gave a report on the draft decision on revising the Law for Atmospheric Pollution Control and the views on revising the amended draft of the Physical Education Law. He said: Members attending the meeting divided into groups to examine the above draft decision and the amended draft. The members maintained that they are relatively well conceived and that the meeting should approve them. They also expressed their views on revising the decision and the draft. The NPC Law Committee studied their views one by one and came up with some views on amending them.

The meeting today also held a general discussion. Standing Committee Member Nie Dajiang made a speech entitled "Earnestly Execute the Cultural Relics Law, and Protect the Motherland's Cultural Legacy." Standing Committee Member Sun Tingfang stressed in his speech the need to press forward with an exploratory spirit, surmount difficulties, and thoroughly restructure the pharmaceutical trade. In their joint speech, Standing Committee Members Zhang Guoxiang and Zhang Ruiying proposed that a "law governing collective contracts" must be drawn up as quickly as possible. Standing Committee Member Huang Yicheng stressed in his speech that enterprises must strengthen their scientific management. In his speech, Standing Committee Member Xu Jing maintained it is necessary to unmask Li Denghui's [Li Teng-hui's] real nature as a "Taiwan independence" advocate and to reflect the voices of the people on both sides of the Taiwan Strait.

Attending the meeting were Tian Jiyun, Wang Hanbin, Ni Zhifu, Chen Muhua, Fei Xiaotong, Sun Qimeng, Li Ximing, Wang Bingqian, Wang Guangying, Cheng

Siyuan, Lu Jiayi, Buhe, Tomur Dawamat, Li Peiyao; Wu Jieping, vice chairman of the NPC Standing Committee; and Secretary General Cao Zhi.

State Councillor Chi Haotian attended the meeting as an observer.

#### **Qiao Shi, Liu Huaqing Write Inscriptions**

OW2808170595 *Beijing XINHUA in English*  
1655 GMT 28 Aug 95

[FBIS Transcribed Text] Beijing, August 28 (XINHUA) — An exhibition of calligraphy works and paintings opened here this afternoon to mark the 50th anniversary of the Chinese victory over the War of Resistance Against Japanese aggression [World War II].

Qiao Shi, chairman of the Standing Committee of the National People's Congress, and Liu Huaqing, vice chairman of the Central Military Commission, wrote inscriptions for the exhibition, praising the exhibition for its high artistic level and patriotism.

Prior to the opening ceremony, Li Ruihuan, Li Lanqing and some other state leaders visited the exhibition.

On display are works of more than 300 noted calligraphers and painters throughout the country. The exhibition will run through September 15.

#### **Li Lanqing Inspects Shaanxi 20-24 July**

HK2908013595 *Xian SHAANXI RIBAO in Chinese*  
25 Jul 95 pp 1, 3

[Report by staff reporter Luo Qingshan (5012 7230 1472): "While Inspecting Shaanxi Province, Li Lanqing Stresses Need To Continue Doing a Good Job Fighting Natural Disasters and Providing Relief Work, Conscientiously Speed Up Educational Reform"]

[FBIS Translated Text] From 20 through 24 July, Li Lanqing, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, inspected Yanan and Xian in Shaanxi Province. On these trips, he was accompanied by Provincial Party Secretary An Qiyuan, Shaanxi Governor Cheng Andong, and by Jia Zhibang, Standing Committee member of the Provincial CPC Committee and vice governor.

Braving the scorching sun and intense heat, Li Lanqing and his nine-person entourage went down to rural areas, enterprises, schools, shops, and rural fairs to familiarize themselves with the situation. They heard reports on the progress of work in Yanan City, Yanan Prefecture, the provincial party committee, and the provincial govern-

ment. Li Lanqing asked questions as he inspected places and made comments while others explained things to him. On the way, he made many important remarks on fighting drought and providing relief work, stepping up educational reform, strengthening ideological education among university students, and on the economic development of the central and western regions.

The serious drought which hit the province this year greatly affected agricultural production and the masses' livelihood. The party Central Committee and the State Council have expressed great concern over the situation. Entrusted by General Secretary Jiang Zemin and Premier Li Peng, and on behalf of the party Central Committee and the State Council, Li Lanqing expressed sincere solicitude to the vast numbers of cadres and the masses working on the front lines fighting disasters and providing relief work, to the officers and men of the People's Liberation Army and the People's Armed Police, and to the disaster-stricken peasant households. He also fully affirmed the work of the Shaanxi party committee and provincial government in leading the masses to fight natural disasters, provide relief work, and help themselves through production, and in reaping a bumper harvest of summer grain in a year of serious drought. He hoped that the vast numbers of cadres and the masses in our province would, under the leadership of the provincial party committee and provincial government, rely on their own efforts, work hard, seize the favorable opportunity of the recent timely rain to plant suitable crops, and strive to keep this year's grain output from falling to minimize losses caused by disasters. He also urged the staff and workers of grain departments in our province to effectively grasp the procurement and dispatch of grain and ensure the grain needs of the masses in the disaster areas while actively conducting reform on operations along two lines.

Li Lanqing pointed out: The water shortage is a prominent problem confronting agricultural production in the whole country, particularly the northwestern region. While continuing to promote dry farming techniques, we must energetically develop water-saving agriculture by working on water diversion, water storage, water conservation, and other aspects according to the country's actual conditions. He also discussed with universities and colleges and with scientific and technological personnel concerned on possibilities of developing simple and economic Chinese-style "drip irrigation" to put a fundamental end to the situation of living at the mercy of the elements and achieve stable yields despite drought or excessive rain.

How to quicken the pace of education reform and foster more useful people for economic construction and to help peasants cast off poverty and achieve prosperity was a question which Li Lanqing cared most during his inspection tour of Shaanxi. He visited Yanan University, Northwestern University, and Xian Jiaotong University and held discussions with education leaders and teachers in Yanan and Xian. After soliciting the views of others, he pointed out that reform was the fundamental way out for education in China. He called for greater efforts to develop vocational education, particularly in rural areas. Education in agricultural science must be combined with application. On the basis of acquiring a fair amount of cultural knowledge, students must be encouraged to learn some agricultural scientific knowledge and practical production skills in order to better help rural areas cast off poverty and achieve prosperity and in promoting local economic development. Li Lanqing said: We must be flexible in conducting vocational education. The curriculum setup must be able to meet the needs of local economic development. Methods used under the planned economy can no longer be used. On the question of the reform of tertiary education, Li Lanqing pointed out: We cannot run all universities as institutions of scientific research and learning. With the exception of a small number of better-equipped universities, which should conduct scientific research on selected topics in the light of current and long-term needs, all other universities should be developed into teaching institutions mainly for the fostering of high-caliber undergraduates and professionals to meet the need for talent for the economic and social development of our country. He hoped to foster a number of famous universities of high standards. He also called for efforts to accelerate the work of running education with coordinated efforts, optimize existing educational resources, and fully develop economies of scale. Li Lanqing said: It is necessary to further strengthen ideological and political work and vocational development among the ranks of teachers, continuously improve teacher quality, show teachers more concern, and help them overcome difficulties in work and in livelihood needs. He also praised the province's efforts in solving the problem of wage increases for teachers despite of great financial difficulties.

On the question of developing and opening up the central and western regions, Li Lanqing emphasized: Better promoting the economic development of the central and western regions is the strategic policy laid down by the central authorities. The central and western regions have rich natural resources and labor resources, and Shaanxi is in a strong position in science, technology, and education. As long as we continue to uphold the policy of reform and opening up, use

favorable factors and avoid doing what we cannot do to our best advantage, and fully utilize our strong points, we can definitely achieve better results in developing the economy of Shaanxi.

While in Yanan, Li Lanqing met with members of the university volunteer service team from Beijing who had gone to rural areas to eliminate illiteracy and disseminate scientific knowledge as well as representatives of the "Cave University" in Yanan, and held discussions with them. He encouraged university students to work hard, carry forward the Yanan spirit and the fine traditions of our revolutionary predecessors, take the road of integrating with workers and peasants, and contribute their knowledge to the motherland and to the people.

Li Lanqing also inspected the Xian Aircraft Industrial Corporation and fully affirmed their contributions to national defense construction over the past few decades. He hoped that they would continue to make achievements in defense conversion.

Zhang Tianbao, vice chairman of the State Education Commission; Li Guohua, deputy minister of foreign economic relations and trade; Jiang Daming, secretary of the Communist Youth League Central Secretariat; and others accompanied Li Lanqing on his visit to our province.

#### More on NPC Standing Committee Meeting

##### Plenary Session Held

OW2808152195 Beijing XINHUA in English  
1508 GMT 28 Aug 95

[FBIS Transcribed Text] Beijing, August 28 (XINHUA) — The 15th session of the Standing Committee of the Eighth National People's Congress (NPC) convened a full meeting this afternoon.

The meeting was chaired by Lei Jieqiong, vice-chairman of the NPC Standing Committee, and Xue Ju, chairman of the Law Committee of the Eighth NPC, delivered a report on a draft for revising the Law on Prevention and Treatment of Air Pollution and on a revision improving the Sports Law.

Groups discussed the draft decision for revising the Law on Prevention and Treatment of Air Pollution and the revision article for improving the Sports Law. They all agreed that the two documents were well-thought out, and suggested that the two be adopted at this session, but put forward some suggestions for improvement.

The Law Committee of the Eighth NPC made a careful study of the opinions put forward by legislators and produced detailed recommendations for improvements.



During today's meeting, some legislators delivered reports calling for careful implementation of the Law on Cultural Relics, for reforms in the medical system, and for strengthened scientific management of enterprises.

Qiao Shi, chairman of the NPC Standing Committee, was present at this afternoon's meeting.

#### Session Concludes

OW2908080795 Beijing XINHUA in English  
0750 GMT 29 Aug 95

[FBIS Transcribed Text] Beijing, August 29 (XINHUA/OANA) — The 15th session of the Standing Committee of the Eighth National People's Congress (NPC), China's top legislature, closed here today.

The session approved the Physical Culture Law, made a decision to revise the Law on the Protection and Treatment of Air Pollution, and deliberated on proposals about the environment and resources protection.

The Physical Culture Law, consisting of 56 articles in eight chapters, has worked out regulations on competitive sports, social organizations of physical culture, legal responsibilities, and physical culture among school students and the masses.

Participants at this NPC session said they believed that the law will greatly promote the development of physical culture in China, help raise the country's sports level and popularize physical exercise among the public.

The law will go into effect beginning October 1 this year.

The session agreed to put the revision of the Environmental Protection Law on its legislative agenda. The law was implemented in 1989. At present, the Environment and Resource Protection Committee of the NPC is making active efforts to make preparations for the revision.

The session approved a consular treaty between the People's Republic of China and the Republic of Uzbekistan, and an agreement on civil and criminal law-enforcement co-operation between Greece and China. Both were signed in October last year.

The meeting also approved decisions to appoint Zang Yurong and Cao Shouye as judges of the Supreme People's Court, relieve Song Xinchun of his position as chief judge of the second criminal court of the Supreme People's Court and member of its Judicial Committee, relieve Yang Hongpei and Huang Ansheng of their positions as judges of the Supreme People's Court, and remove Ji Qingyun from his position as procurator of the Supreme People's Procuratorate.

Qiao Shi, chairman of the NPC Standing Committee, presided over today's meeting.

#### Aesthetic Approach to Sex in Literature Urged

HK2908012495 Beijing RENMIN RIBAO in Chinese  
15 Jul 95 p 7

[Article by Yun De (0061 1795): "Turbid Current Which Must Be Guarded Against"]

[FBIS Translated Text] Works dealing with sex seem to have suddenly become the trend in literary and art creation of late. Although there are still works that are healthy in style and refined in content, there are also many pornographic writings that are devoid of social content, show a disregard for social ethics, and make a vulgar display of sexual instincts, sexual mentality, and unhealthy sexual behavior. Most of these works either depict "a motley variety of sexual behaviors" between several women or several men; tell of shallow and silly sexual experiences between lonely men and women; make a display of the unaesthetic clandestine love affairs between protagonists and their lovers; or highlight the abnormal sexual behavior of the sexually suppressed, sexually hungry, and perverts and transvestites. They openly declare that they will show "the madness and stupidity of men and women in their attitude toward money, lust, existence, and reproduction." In an atmosphere full of sensual stimulation and lust, man's sacred world of love is smothered by vulgarity and dirt, and civilized sexual activities have taken a major step backward toward barbarism and animal instincts. Man is simply turned into a symbol of sexuality. This turbid undercurrent that prevails in literary and art creation deserves our attention.

There is no denying that sex, as a means of "reproduction" for mankind, should be a subject depicted in literature. Most people will definitely find over-simplistic and sweeping objections to the depiction of sex in literature unacceptable. However, after mankind has gone through several thousand years of civilization, love in a modern society is no longer simply a matter of animal instincts or about the simple need of carrying on the family line, but is the sublimation of feelings between the two sexes, including not just spiritual admiration but also physical intercourse. It is a complicated social phenomenon of interpersonal relations, the unity of physiology, psychology, and social nature. The customs and habits between the two sexes in a social community reflect the life style of a given society and its degree of civilization. If our literature is divorced from actual social life and indulges in digging into "the deeper meaning of human nature" from boorish and carnal desires between men and women, and does not stop until it

has stripped away the hide or leaves that our ancestors used to cover themselves, the "deeper meaning of human nature" thus described is nothing more than mere acts of copulation between animals. Marx said: "While eating, drinking, and sexual behavior are genuine human functions, if these functions are separated from man's other activities and are taken as the ultimate and sole objective, they become animal functions in this abstraction." These "animal functions" can never be taken as a civilized form of sexual love for mankind and cannot reflect the "real strength that conforms with human nature." Thus, they naturally cannot be taken as the aesthetic subjects of literature.

The reflection of social life in literature is a kind of dynamic aesthetic reflection that embodies the aesthetic ideals and pursuits of the authors. Sexual descriptions in literature do not serve their own ends, but form part of the plot. They are above actual sex and take on a much broader and deeper social meaning. The amount and degree of sexual description depend on the theme, the development of the plot, and the molding of characters. They convey the aesthetic joy between two sexual partners who have a meeting of minds, and give people a beautiful spiritual enjoyment. Literature that goes after sensual excitement and carnal provocations over and above what is required has flesh but no soul. It gives physiological delight but has no spiritual beauty. This kind of literature is not a study of humanity but a study of animals.

As an integral part of spiritual civilization, socialist literature shoulders the important mission of cultivating people's aesthetic interests, stimulating people's fighting will, and improving the cultural quality of the public. Some literary workers have misunderstood the relations between literature and the market. They try to use their clumsy pornography as their "secret weapon" to achieve their aim of making greater economic gains, which is extremely harmful. These writers and publishers dump to readers these spiritual garbage which they do not even dare show their children. Perhaps they can temporarily satisfy the needs of those readers who have low aesthetic standards, but if they hope to use these to conquer the general readers and conquer the literary market, they are actually trying to quench a thirst with poison. If this goes on, not only the writers themselves, but our sacred cause of literature, will be destroyed. May we advise these writers of pornographic literature to return to literature its purity and beauty for the sacred cause of literature and for the physical and mental health of our youngsters.

#### **Fight Against Public Funds 'Misuse' Continues**

OW2808133695 Beijing XINHUA in English  
1302 GMT 28 Aug 95

[FBIS Transcribed Text] Beijing, August 28 (XINHUA) — A senior official in charge of discipline inspection called for continuing efforts in the fight against the misuse of public funds for individual enjoyment and lavish banquets.

Hou Zongbin, deputy secretary of the Central Commission for Discipline Inspection of the Communist Party of China (CPC), said at a meeting today that the more severe or notorious violations will be dealt with harshly.

The meeting was held at the end of a month-long inspection on 50 Party and governmental departments conducted by the commission and the Ministry of Supervision.

In January of this year, the commission issued a circular forbidding party and government officials' attending banquets that may be related to their official business, nor are they allowed to take part in entertainment at singing and dance halls or nightclubs using public funds.

Hou said that China has had great success in cracking down on the abusive use of public funds, and for the remaining four months of this year, will increase efforts in this area to achieve even better results.

Leading Party and government officials at all levels should set a good example, and should take steps to check on the inappropriate use of public funds for banquets and amusement, the deputy secretary noted.

He called for officials to cultivate a simple life and to work hard on party and government affairs. In this way, the relationship between officials and the people can be closer, and the general mood of society can take a turn for the better.

#### **Zhejiang Launches 1st Public Welfare Foundation**

OW2908091695 Beijing XINHUA in English  
0822 GMT 29 Aug 95

[FBIS Transcribed Text] Hangzhou, August 29 (XINHUA) — China's first foundation dedicated to public welfare was launched in this capital city of east China's Zhejiang Province recently.

The inauguration ceremony for the foundation, which has been approved by the Provincial People's Bank and Civil Affairs Department of Zhejiang, will be held here at the end of October this year, the organizer announced.

It is inviting applications for founding members, from both Chinese and foreign applicants.



An organization which donates more than 30,000 yuan or an individual who donates at least 10,000 can become a founding member.

It has opened a special line to receive enquiries from potential overseas donors.

#### **Press Center for Women's Conference Opens**

*OW2808152295 Beijing XINHUA in English  
1502 GMT 28 Aug 95*

[FBIS Transcribed Text] Beijing, August 28 (XINHUA) — Preparations for the holding of the Non-Governmental Organization (NGO) Forum on Women '95 are now ready in the town of Huairou, a clean and beautiful county in Beijing's suburbs.

Various kinds of NGO Forum workshop sites are quite eye-catching.

In addition to the Huairou International Convention Center and other conference facilities in Huairou, the NGO Forum venue has 86 colorful tents, all with distinct symbols. The tents are divided into peace tents, conference tents, international tents, regional tents and meeting room tents.

Inside the tents are rows upon rows of chairs, as well as lighting and audio equipment. Some tents are also equipped with tv sets for participants to watch live programs of the forum.

Around the tents there are 230 green movable water closets. In the tent zone there are various kinds of stores, clubs, bars, exhibition halls and hundreds of public telephones.

Moreover, the host has installed in the open ground 800 sun umbrellas, 800 round tables and 10,000 chairs for use by participants.

The 100-sq-m sky-blue Hong Kong Tent looks just like a heavenly temple, with numerous small traditional Chinese style lanterns hanging around.

The large Tibetan-style tent is a handicraft work shipped by air from Lhasa, capital city of Tibet Autonomous Region. The tent is formed by a 120 sq m rectangular top and a smaller tent. The top of the tent is made of white canvas decorated with such plain ornamental designs as, symbols of Buddhism, blue clouds and bazaars. In the small tent are 16 decorative designs commonly seen in Tibetan families, namely vases, goldfishes, peonies, ivories and conches, all lucky symbols made by piecing together red, yellow, green and blue cloth.

The tent, 8.5 meters high and at an expense of 100,000 yuan from the Regional People's Government of Tibet, will be used as the main venue for Tibet women attending the NGO Forum.

The press center for the NGO Forum was put into operation today, greeting Chinese and foreign journalists. The press center, a two-story building in white, is made up by several connected halls with a total floor space of 1,400 sq m. The center is ready to accommodate more than 3,000 foreign journalists, said a spokesman in charge of the affairs of overseas journalists under the Chinese Organizing Committee.

To ensure smooth communications of journalists, half of the space in the press center is occupied by 30 computers. Internet services, IDD [international direct dial] telephone and computer services are available in the center.

#### **State Education Commission Drafting Reform Plan**

*OW2908025995 Beijing XINHUA in English  
0153 GMT 29 Aug 95*

[FBIS Transcribed Text] Beijing, August 29 (XINHUA) — The State Education Commission [SEC] is working on a plan for massive higher-education reform, according to "EDUCATION NEWS".

The plan, named the "Higher Education Teaching Programs and Reforms of the Curricula for the 21st Century", aims to improve the teaching programs of main curricula and basic subjects such as the humanities, sciences, engineering, agronomy, medical science, economics and law.

The SEC has selected 27 science programs as the initial part of the strategy and announced that it will allocate 810,000 yuan (97,590 US dollars) to start the reform of those programs.

The 27 programs cover research in mathematics, physics, chemistry, biology, astronomy, geology, geography, environmental science, oceanography, atmospheric science, computer science, mechanics, electronics, and other scientific fields and subfields.

The plan, which is expected to be completed within the next five years, will include textbook editing. College teachers are expected to be trained in accordance with the new textbooks.

China's teaching system in higher education took shape in the 1950s. But the basic curricula seldom involved the latest scientific and technological achievements.

Education experts noted that current teaching and curriculum programs are outdated and have hindered the country's educational development.

The plan has drawn a positive response from universities and colleges. About 3,800 teachers from more than 80 colleges have submitted 400 programs.

### Young Volunteers Supervise Culture Market

HK2908054595 Beijing RENMIN RIBAO in Chinese  
19 Jul 95 p 5

[Report by Gao Guoying: "Young Volunteers Profoundly Carry Out Supervision Over Culture Market" — last two paragraphs are editor's afterword]

[FBIS Translated Text] In coordination with related departments, an experiment sponsored by the Communist Youth League Central Committee has been conducted in several provinces, including Fujian and Zhejiang, to unfold activities of supervision over the culture market by young volunteers, with marked results. In Guiyang alone, young volunteers have assisted the law enforcement department in investigating and handling the cases of 45 bookstores that operated in violation of rules and regulations; the department banned 237 unlicensed stalls dealing in video tapes and confiscated 240,000 copies of illegitimate books and magazines, and some 45,000 illegitimate audio or video tapes. These activities have been unfolded in depth in various large and medium-sized cities across the country this summer, with the theme "protecting tomorrow."

According to briefings by related experts, including Professor Guo Xiang of the China Politics and Law University, over the years some unhealthy phenomena in the culture market have already become a major factor inducing juvenile delinquency. For example, 98 percent of sex-related juvenile delinquents had come under the direct effect of audio-video products, books, and magazines that contained pornography and violence. At the same time, an ever greater number of teenagers have indulged themselves in public places for amusement, which eventually affected their studies. Experts have appealed: While completing and perfecting decrees, rules, and regulations, and augmenting law enforcement, government departments must give full play to social forces' supervising role.

Since 1989, the Jinan City CYL [Communist Youth League] Committee has made helpful attempts in this area. In coalition with the publication, cultural, radio and television broadcasting, and public security bureaus, they organized three culture market supervisory contingents, namely the "CYL Team for Supervising and Examining the Culture Market," the "Association for Young Film and Teleplay Critics," and the "Book-Censoring Group." Some 400 monitors emerged through recommendation, level after level, from the grass roots were under training. They studied party policy, laws, and decrees, related professional knowledge, and rules and regulations; passed examinations; and started working with certificates issued to them. They divided the whole city into 10 districts whose culture was under

CYL charge, 30 key sectors, and 50 spots under checking and supervision. Aiming at the characteristics of street stalls, such as their frequent appearance in spare time, great number, and extensive area, they broke the whole contingent into parts, and conducted supervision in their spare time by adopting the method of touring in disguise and reporting offenses separately. When some offenses were found, they would report them to the headquarters through reporting forms or the supervision hot line. The headquarters would, in turn, brief related departments to take crackdown action. Over the years, the Jinan City CYL Committee has organized some 160 supervision and examination operations involving some 1,400 participants. They have helped law enforcement departments seize some 80 types of pornographic and illegitimate publications—340,000 copies all told—along with 25,000 illegitimate audiovisual tapes. At the same time, they gradually combined supervision with guidance; unfolded activities in "recommending, reading, and reviewing good books"; and initiated the Jinan Book-Circulating House of Readers for Teenagers so as to provide healthy reading materials for teenagers.

To enable the activity to be unfolded in depth and in a comprehensive way and to further purify the social cultural environment of the growth of teenagers, the CYL Central Committee recently has decided to unfold "protect tomorrow" activities by having Young Pioneers carry out supervision over the culture market across China. The contents of supervision are: Forbid any organization or individual from selling, leasing, or spreading to minors in other ways any book, journal, or audiovisual product that contains pornography, violence, murder, and terror, which poison minors; do not allow minors admittance to operational discos or electronic-game rooms that are unsuitable to minors' activities; open museums, memorials, science and technology halls, cinemas, stadiums (gyms), zoos, and parks to primary and secondary school pupils with preferential treatment.

At present, Fujian has already established a contingent of Young Pioneers carrying out supervision over the culture market, with some 4,600 CYL members participating, and has set up "young people's supervising posts" and "offense-reporting boxes." In Zhejiang, two-thirds of its cities, prefectures, and counties have set up contingents of control and supervision for electronic game machines, involving some 1,000 supervisors, with unified provincial supervising certificates issued to them. The Inner Mongol Regional CYL Committee also has organized the first batch of young volunteers to carry out supervision over the culture market.

Afterword: The culture market is an important place for teenagers to carry out their activities in culture and

amusement, but the injury caused to teenagers by some unhealthy phenomena is known to all. The participation of young volunteers across the country in supervising the culture market is a pleasing phenomenon. If the whole society takes action to coordinate with the operation of law enforcement organizations, with these dirty things and illegitimate operations turning into targets for universal condemnation, then the social cultural environment will be further purified. When conducting "examination" and "banning," we also must conduct effective guidance among teenagers in their culture and amusement activities, and actively provide them with healthy cultural service. Noteworthy is the fact that supervision over the culture market is work of very strong policy quality. Volunteer supervisors must have a clear picture of their rights and interests, obligations and duties under the guidance of related departments such as public security, culture, administration of industry and commerce, to carry out supervision and do their work in accordance with the law.

We hope that more teenagers will participate in this significant activity, and will play an important role in purifying China's culture market.

### **Military & Public Security**

#### **Chi Haotian Addresses Militia Forum on War**

*SK2908042795 Beijing XINHUA Domestic Service in Chinese 2203 GMT 28 Aug 95*

[By reporter Cao Zhi (2580 2535)]

[FBIS Translated Text] Beijing, 28 Aug (XINHUA) — Chi Haotian, member of the Central Military Commission, state councillor, and concurrently minister of national defense, stressed at today's forum for the militia to mark the 50th anniversary of the victory over the anti-Japanese war that the vivid historical facts in the all-people anti-Japanese war should be used to educate the people to remember well the extremely serious suffering the Japanese aggressors had brought to the Chinese people, value the hard-won peace, and strive to build our country and our national defense well with a strong sense of responsibility and mission.

Chi Haotian said: During the extremely difficult anti-Japanese war fought by our nation, our party boldly mobilized the masses, expanded the people's forces, and combined the main troops with local troops, militia and guerrilla forces, armed people with unarmed people, and the guerrilla war with the mobile war under favorable conditions, thereby sparking off the raging flames of people's warfare everywhere in the vast battlefields behind the enemy lines. The large numbers of militiamen vigorously joined the army and participated in the war to support the frontline, consolidate the rear,

and ensure a steady supplement to our army. Fighting bravely and killing the enemy indomitably, they fought over 290,000 battles, coordinated with our army to beat back 64 percent of the China-invading Japanese army and 95 percent of the puppet army, and won consecutive victories in the wars against nibbling, blockading, and mopping up. They were resolute and resourceful, had inexhaustible wisdom, and ingeniously created various tactics, such as land mine warfare, tunnel warfare, sparrow warfare, sabotage operations, and siege warfare, thus making the Japanese aggressors terror-stricken, extremely nervous, and engulfed in the boundless ocean of people's war.

Chi Haotian said: Past experience, if not forgotten, is a guide for the future. It was the correct leadership of the CPC, the people's army armed with Mao Zedong's thought of people's war, and the effective coordination and support of such a powerful armed force of the masses as the militia and self-defense force that were the most basic things leading to the victory in the anti-Japanese war. The current international situation has been relaxed somewhat, but the world is still turbulent, untranquil, and not peaceful. Our review today of the history of 50 years ago is exactly to provide an alert for the future, to educate the people never to forget the national humiliation, to rally more closely around the party Central Committee with Comrade Jiang Zemin as the core, to rejuvenate China, and never to let the historical tragedy be repeated.

The forum was held by the three general departments of the Liberation Army. Attending were Yu Huahu and Yuan Xiang, national militia heroes who participated in land mine warfare and tunnel warfare during those years; Fan Guangting, representative from the Liuzhuang Heroic militia battalion; Zhao Bo, scout of the urgent messengers' team [yan ling dui 7159 5044 7130]; Sun Jinzhen, a hero in fighting the enemy in middle Shanxi; representatives of the cadres of the people's armed forces who fought countless battles; and 20 outstanding people's armed forces cadres, full-time armed forces cadres, and militia representatives emerging in the new period in Beijing.

Relevant leaders of the three general departments attended the forum.

#### **Xu Caihou Discusses Army's 'Political Building'**

*HK2908050095 Beijing LIAOWANG in Chinese 31 Jul 95 No 31, pp 7-8*

[Article from "Special Interview" column by staff reporter: "Important Measures for Strengthening Political Building of the Army—Interviewing Lieutenant Gen-



eral Xu Caihou (1776 2088 0624), Deputy Director of the PLA General Political Department"]

[FBIS Translated Text] Since the beginning of this year, the People's Liberation Army [PLA] and People's Armed Police units have extensively launched education on patriotism and sacrifice, a revolutionary outlook on life, respecting cadres and cherishing soldiers, and on plain living and hard struggle. These activities have effectively promoted the ideological and political building of armed forces units and enhanced their political steadfastness and ideological and moral purity. They have attracted the attention of the whole spectrum of society and won the masses' acclaim.

On the occasion commemorating the 68th anniversary of the founding of the PLA, Lieutenant General Xu Caihou, deputy director of the PLA General Political Department, granted our magazine an interview and briefed our reporters on the launching of education activities on patriotism and sacrifice and other aspects in the whole army.

**Education on the four aspects is an important measure put forward by Central Military Commission [CMC] Chairman Jiang Zemin for strengthening the ideological and political building of the army under the new situation.**

Xu Caihou said: Since taking charge of the work of the CMC, Comrade Jiang Zemin has attached great importance to strengthening the ideological and political building of the army. He has repeatedly emphasized the need to inherit and carry forward the our party and army's fine traditions, resist the corrosive influence of decadent ideas, and forever maintain the true character and aim of the people's army. At the CMC's expanded session at the end of last year, Chairman Jiang clearly put forward the call to put ideological and political building above all other tasks of army building, and to concentrate on conducting education on patriotism and sacrifice, revolutionary outlook on life, respecting cadres and cherishing soldiers, and on plain living and hard struggle on the basis of thoroughly studying Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. CMC Vice Chairmen Liu Huaqing and Zhang Zhen personally went down to armed forces units to conduct investigation and study and, on the basis of large quantities of first-hand information, put forward many important instructions on strengthening the army's ideological and political building and on doing a good job of educating on four aspects. These important instructions given by Jiang Zemin and other CMC leading comrades are of great significance in pointing the direction because they have

raised an issue of fundamental importance which affects the whole situation of army building in the new period.

The army is an armed group charged with special tasks. For the men and women in the armed forces, hard work, tension, and sacrifice are a way of life. In times of peace, they have to be willing to suffer hardship and dedicate their services. When the security of their nation and the life and property of the masses are threatened, they need the courage to shed blood and make sacrifices. One impression gained from the army is that, under present circumstances when reforms are deepening and the interests between different parties are undergoing profound changes, the questions of how to deal with hardship and comfort, who should become well off first, and how to look at the value of servicemen are questions officers and men often ask themselves. Faced with such a situation, what should we rely on to consolidate the troops' morale and arouse the enthusiasm of cadres and fighters to accomplish the great task of building a modern and revolutionary regular army? Our army is a people's army led by the party. Unlike armies of the exploiting classes, it cannot rely on money and promotion to hold the troops together. Even when the people of the whole country have achieved a relatively comfortable standard of living, it is still necessary to emphasize plain living, hard struggle, and selfless sacrifice. While showing concern for the well-being of the officers and men, it is necessary to energetically conduct education on four aspects and rely on the dissemination of progressive political ideas to consolidate the morale of the troops and increase their combat effectiveness. This is a task of paramount importance in conducting ideological and political work under the new situation. It is also where the traditional strength of our army lies.

The PLA is the wall of steel that protects the motherland. It is also a great school for fostering and tempering people. When the masses send their children off to join the army, they invariably hope that their children will be tempered and grow up healthily. The state also hopes that the army will foster more useful people for society. It was precisely in this sense that Jiang Zemin emphasized that [the issue of] "how to build our army into a big school and a large furnace for fostering and tempering people under the new situation of reform, opening up, and development of the socialist market economy is a pressing task as well as a new major topic." Doing a good job of conducting education on four aspects is a task of fundamental importance in turning our army into a big school for fostering a new generation of educated and well-disciplined people with lofty ideals and moral integrity.

We remember that when Comrade Deng Xiaoping received all comrades who attended the expanded session of the CMC in 1989, he expressed his sincere hope that the whole army would always be loyal to the party, to the people, to the nation, and to socialism. Conducting education on four aspects in breadth and depth in the whole army and enhancing the political steadfastness and ideological and moral purity of the officers and men are essentially meant for ensuring the party's absolute leadership over the army and ensuring that the army will resolutely obey the command of the party Central Committee and the CMC with Comrade Jiang Zemin as the core. We should say that this is our most important starting point and goal in conducting education on four aspects.

**Putting emphasis on leading cadres and leading organs, adhering to the spirit of rectification of work style, and making great efforts to touch people's minds and solve problems is the basic method for conducting education on four aspects.**

Xu Caihou said: Implementing the principle of integrating theory with practice and solving problems in a down-to-earth way is our basic guiding ideology for conducting education on four aspects. Leading comrades of the armed forces at various levels all went down to the grass-roots levels and into the realities of life to familiarize themselves with new situations and new problems in the development of ideology and work style, find out what the leading cadres and grass-roots officers and men are thinking, and have a good grasp of the main questions that have to be answered in educating different types of personnel and troops stationed in different localities. For leading cadres and leading organs, the main question is "who are we leading and how should we exercise our power." For grass-roots officers and men, the main question is "who are we serving and how should we behave." Due to the complicated environment in which they find themselves and the impact of certain trends of thought in society, troops stationed in the special economic zones and coastal open areas have made resistance against the negative influence of the idea of leading "a good life of wine and women" the focal points of their education. Keeping in mind the tough environment in which they operate and the tasks they shoulder, troops stationed in remote areas where life is tough have attached importance to education on patriotism and sacrifice and on plain living and hard struggle. All units have conducted lively education activities that reflect their own characteristics.

—Giving prominence to the key role of leading cadres and leading organs is the key to doing a good job of launching education on four aspects. Comrade Jiang Zemin has often said: "If the upper beam is not straight,

the lower ones will go askew; if the main beam is not straight, the whole house will come tumbling down." Resisting the corrosive influence of decadent ideas and culture and the negative influence of the idea of leading "a good life of wine and women" must begin with leading cadres and leading organs. The present education is launched according to the idea of starting from the leading organs to the grass-roots units and from cadres to fighters. The key role of leading cadres and leading organs has been grasped from the start. Higher standards and more stringent requirements have also been put forward. Leading cadres from the level of commanders and political commissars of various major units to leaders of divisions and regiments are not only organizers of education. They have also consciously put themselves in the position of ones to be educated by being the first to take part in and accept education. Many leading cadres have said with strong feeling: In the past some education campaigns were mainly intended for others and for the lower levels. This time the educators are the ones to be educated first. We have really benefited from this education.

—Unfolding criticism and self-criticism in the spirit of the rectification of work style is an outstanding characteristic of this education. Rectifying erroneous ideas and unhealthy trends within the revolutionary ranks through criticism and self-criticism in the spirit of the rectification of work style is a fine tradition of our party for strengthening the building of ideology and work style. However, this fine tradition seems to have been lost in some units in recent years. In the current education on four aspects, we are emphasizing in particular that cadres must take part in study in the spirit of rectification of work style, and must grasp as an integrated process the tasks of drawing a clear line of demarcation between what is right and what is wrong in ideology, unfolding criticism and self-criticism, rectifying unhealthy trends, and improving our work. We do not ask all people to examine their conduct and make self-criticisms, do not exaggerate people's mistakes to the maximum, and do not resort to unnecessary punishment. Instead, we encourage heart-to-heart talks and do thoroughgoing and meticulous ideological and political work. We give fighters positive education, concentrating on helping them understand the basic facts and raising their basic awareness.

—In this education, we also pay great attention to carrying forward positive factors and strive to use positive factors to overcome negative factors. In conjunction with extensive activities to learn from Lei Feng, Su Ning, Xu Honggang, and Kong Fansen, we are organizing officers and men to watch outstanding films and television programs on the deeds of heroes and mod-

els, and are guiding our officers and men to find out their shortcomings by drawing comparisons with these heroes and models. Many armed force units are even organizing their own advanced models to go around reporting on their deeds. They are making energetic efforts to commend and publicize the advanced models and the good people and good deeds of their own units, using examples of how their own men are rendering patriotic and dedicated service to their country, leading a clean, honest and self-disciplined life, striking roots in the grass-roots units, practicing plain living and hard struggle, and respecting cadres and cherishing fellow soldiers, to teach their officers and men and give them role models to learn from.

**Education on four aspects has won positive responses from officers and men of the whole army and achieved obvious results. Facts have proved that the important instruction given by Comrade Jiang Zemin is in complete accord with the reality of the army and has great appeal.**

Xu Caihou emphatically pointed out: The launching of education on four aspects has won enthusiastic support and positive response from the whole army from the very beginning. Party committees at all levels have attached great importance to the task and made arrangements through careful deliberation. In many military regions and arms and services, the leading cadres are even personally making mobilizations and giving lectures. Vast numbers of cadres and fighters are taking this education as a valuable lesson on life. They have a correct attitude toward study and attend classes and earnestly take part in discussions. Some army dependents also join the troops in hearing reports and watching educational videotapes. There are many moving stories of husbands and wives encouraging one another and helping and learning from one another. Facts have fully demonstrated that the important instructions of Comrade Jiang Zemin are in complete conformity with the actual situation of the troops and have great appeal. The launching of education on four aspects has an extensive mass base.

Education on four aspects has produced obvious results in the six months or more since it was first launched. The mental outlook of officers and men has undergone gratifying changes, and all-round army building has been given a great boost. First, it has further promoted the development of a healthy and forward-looking atmosphere of public opinion. Through the study of theories and traditions; the emulation of the advanced; the refutation of erroneous ideas; and the clear demarcation between right and wrong, honor and disgrace, and beauty and ugliness, the market for money-worship, hedonism, liberalism, and ultra-individualism has dwindled, and ideas

of plain living and hard struggle, public-mindedness, selfless sacrifice, and attaching importance to ideals, as well as the overall situation and sacrifice have become the mainstream ideas of the vast numbers of officers and men. Second, it has promoted a further transformation in the leadership style and in the ideology and mood of the troops. Through education and the launching of serious criticism and self-criticism, leaders and organs at all levels have enhanced their concept of the masses and the concept that the army must serve the grass-roots levels. Instances of seeking underserved reputation and indulging in formalism in work have been reduced, and malpractices of extravagance and waste and of wining and dining at public expense have been effectively curbed. Irregularities such as seeking undeserved promotions and malpractices on questions of assessment, seeking party membership, and acquiring technique have also registered a general drop in number. Third, it has promoted the completion of tasks centered around military training. The political enthusiasm aroused through the education of officers and men has been directed to war preparedness duties, military training, production, and construction, with the result that all these tasks have been successfully completed. During the recent floods that hit some southern provinces, troops stationed in those areas and the officers and men of the local armed police heroically dealt with emergencies and disasters and through their efforts contributed anew to protecting people's lives and property.

The launching of education on four aspects in the army has also attracted the attention of all circles and drawn warm responses from servicemen's parents. In recent months, the army has received many letters from parents of servicemen warmly praising the good work done in launching education on four aspects. Party and government leaders of localities where troops are stationed have also said that the army has taken a good lead in promoting socialist ideological and cultural progress in launching education on four aspects. We must take this praise and encouragement as the motivating force for doing a better job of ideological and political education in the army.

**Since education on four aspects is a task of fundamental importance in strengthening the ideological and political building of the army, it is necessary to grasp it relentlessly as a long-term task.**

Xu Caihou said: Not long ago, the General Political Department called a forum on ideological and political building in the whole army. The forum focused on questions of how to strengthen the ideological and political building of the army under the new situation, resist the corrosive influence of decadent ideas and culture, and guard against the negative influence of "a



life of wine and women." After analyzing the situation in which education on four aspects was conducted, the forum concluded that the results achieved were still preliminary. General Political Department Director Yu Yongbo pointed out at the forum: Education on four aspects proposed by CMC Chairman Jiang Zemin sums up the basic contents of ideological and political education of the army. It is definitely not a task that can be accomplished in one or two rounds, but must be grasped constantly and repeatedly. In activities commemorating the 50th anniversary of the victory against the Japanese in the second half of the year, all units of the army will concentrate on conducting education in patriotism and selfless dedication for some time in order to further stimulate the patriotic sentiments of the vast numbers of officers and men.

In conclusion, Xu Caihou pointed out: The party Central Committee and CMC have high expectations for the ideological and political work of the army. The officers and men of the whole army have also pinned great hope on this work. In accordance with the important instruction of CMC Chairman Comrade Jiang Zemin, we will make greater efforts to explore new circumstances and resolve new problems confronting army building under the new situation and will vigorously strengthen and improve ideological and political work to ensure the political steadfastness and ideological and moral purity of the whole army, as well as to ensure that our army will always be a civilized and mighty army which has strong rallying force and fighting capacity and which will always be completely trusted by the party and the people.

#### PLA Chiefs Note Publication of Military Books

HK2908053695 Beijing JIEFANGJUN BAO  
in Chinese 28 Jun 95 p 1

[By reporter Chen Xianyi (7115 0341 5030): "CMC Holds Forum Marking Publication of *The Eighth Route Army* and *The New Fourth Army*"]

[FBIS Translated Text] Beijing, 27 Jun (JIEFANGJUN BAO)—On the 50th anniversary of the victory of China's War of Resistance Against Japanese Aggression and the victory of the worldwide antifascist war, two volumes of the Liberation Army history series, *The Eighth Route Army* and *The New Fourth Army*, the compilation of which was approved by the Central Military Commission [CMC] and took 10 years to complete, have been officially published by the Liberation Army Publishing House. This morning, the CMC held a grand forum in Beijing to mark the publication of these two volumes. Liu Huaqing, standing committee member of the CPC Central Committee Political Bureau and vice chairman of the CMC, delivered an important speech at

the forum. CMC Vice Chairman Zhang Zhen presided over the forum.

Liu Huaqing first offered his congratulations on the publication of *The Eighth Route Army* and *The New Fourth Army*. In his speech, he recalled the history of the anti-Japanese war and, in a matter-of-fact manner, expounded on the important historical position and role of China's anti-Japanese war in the worldwide campaign against fascism. He gave a profound exposition on the decisive role that the CPC and the people's anti-Japanese forces under its leadership played in winning the war. He said: China's anti-Japanese war was an important part of the worldwide antifascist war, and the battlefield in China was the main battlefield of the antifascist campaign in the East. In the extremely hard eight-year war against aggression, China lost over 35 million lives, both military and civilian, and its direct property losses and war consumption amounted to \$100 billion. The Chinese military and civilians struck and pinned down more than two-thirds of the whole of Japanese ground strength. They made indelible, major contributions to the victory of the worldwide antifascist war and to maintaining world peace, democracy, and human dignity. They also immeasurably propelled the national liberation movements in colonial and semicolonial countries in the 20th Century. China's anti-Japanese war was a nationwide anti-aggression war in which the people of all nationalities across the country, all democratic parties, anti-Japanese bodies, patriotic personalities from all walks of life, and patriotic overseas Chinese took part, under the banner of the national united front against Japanese aggression on the basis of the Kuomintang-CPC cooperation initiated by the CPC. The anti-Japanese war was the first national liberation war that ended in complete victory in the history of the Chinese people's struggle against imperialist aggression of over 100 years. It changed the process of China's historical evolution, wiped out the national disgrace that China had been suffering for more than 100 years since the Opium War, and marked a turning point for the Chinese nation moving from its demise to revitalization. It laid a solid foundation for China's independence as a country, its national liberation, and nationwide victory of the new democratic revolution.

Liu Huaqing said: The CPC was a firm rock in midstream during the anti-Japanese war. At a critical moment when the country's survival hung in the balance, the CPC, represented by Mao Zedong, took on the weighty historical mission of resistance against Japanese aggression and of national salvation. It initiated and helped establish a national united front against Japanese aggression on the basis of Kuomintang-CPC cooperation. It adhered to the principle of "resistance, unity,

progress," safeguarded the overall interests of the nationwide war of resistance, and became the nucleus of the concerted nationwide effort against Japanese aggression. It recommended the line of full-scale resistance in the form of people's war and formulated the general strategic guideline of protracted war as well as a series of specific principles and policies for implementing the general strategic guideline. It clearly laid down the strategic guideline of our army and thus provided a fundamental guarantee for the victory of the anti-Japanese war. The 8th Route Army, the New 4th Army, and other anti-Japanese forces led by the CPC formed the mainstay strength in the anti-Japanese war. After the war had entered a stalemate, the battlefield in the enemy's rear area became the main battlefield of the war. The 8th Route Army, the New 4th Army, and other anti-Japanese forces led by the CPC were often engaged in fighting against the bulk of the Japanese army invading China and almost all the puppet troops. In the extremely complex and harsh circumstances of war, they steadfastly implemented the line, principles, and policies laid down by the party center and, with the energetic support from the people, waged a long and arduous struggle against the enemy. They gradually put an end to the enemy's superiority over us and achieved a full-scale counterattack on the Japanese aggressors, contributing immensely to the victory of the anti-Japanese war. The enormous sacrifice and the great feats made by the CPC and the 8th Route Army, the New 4th Army, and other anti-Japanese forces under its leadership in defeating the Japanese aggressors will be ever remembered in the annals of history and will leave a good name to posterity.

Liu Huaqing said: *The Eighth Route Army* and *The New Fourth Army* faithfully record the journey of war, glorious achievements, and rich experience of our army in the anti-Japanese war. They reflect the high political consciousness of the commanders and men of the 8th Route Army and the New 4th Army in obeying the party's command and carrying out the party's line, principles, and policies in an exemplary manner; in their spirit of dedication in fighting with sublime heroism and indomitable will; in their revolutionary courage of not fearing a strong enemy or difficulty and being able to defeat the enemy with inferior equipment; in their conscientiousness and self-discipline in obeying commands in all action without asking for any conditions or discount; in their noble character of loving the people, serving the people, and sharing weal and woe with the people; in relationships among them, i.e., equality between the superior and the subordinate, equality between the commander and the soldier, and cooperation and intimate ties between comrades; and so on and so forth. They provide precious material for studying, researching, and doing propaganda on

the military history and war history of our army and for conducting education in patriotism, dedication, and revolutionary traditions for all the commanders and men of the whole army. He said: Today, half a century has passed since we greeted the victory of the War of Resistance Against Japanese Aggression and of the worldwide antifascist war. Great changes have taken place in China and the rest of the world. Peace and development has become the theme of our times. However, the world is not at peace. We must be prepared for danger in times of peace, rally closer around the party center and the CMC with Comrade Jiang Zemin as the core, steadfastly implement Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and his thinking on army building in the new era, strengthen the modernization of national defense, and make new contributions in safeguarding the security of our country and world peace.

Zhang Zhen said in his speech: The CMC had two purposes in mind when deciding to hold this forum. One was to mark the publication of these two volumes, and the other was to commemorate the 50th anniversary of the victory of the War of Resistance Against Japanese Aggression and the victory of the worldwide antifascist war. He demanded that the whole army, in conjunction with commemorating the anniversary, use the abundant materials provided in these two volumes to conduct education in patriotism, dedication, and revolutionary traditions among the broad ranks of officers and men in a bid to help raise our army's modernization process to a new height.

Xiao Ke [5135 0344], chairman of the compilation and editing committee of *The Eighth Route Army*, and Ye Fei [0673 7378], chairman of the compilation and editing committee of *The New Fourth Army*, spoke at the forum on behalf of their respective committees. With deep feeling, they recalled the wartime experience during the anti-Japanese war and explained some basic facts about the two volumes.

The "Chinese People's Liberation Army [PLA] Historical Materials Series," a project approved by the CMC and worked on by various major departments of the army, is our army's first large-scale, voluminous historical data series in 43 volumes. *The Eighth Route Army* and *The New Fourth Army* are key volumes in this series. These two volumes give a comprehensive, systematic introduction to the history of the 8th Route Army and the New 4th Army. They are a handsome present dedicated to the 50th anniversary of the victory of the War of Resistance Against Japanese Aggression and the victory of the worldwide antifascist war.

Present at today's forum were Hong Xuezhi, vice chairman of the Chinese People's Political Consultative Conference national committee, and CMC members Chi Haotian, Zhang Wannian, and Yu Yongbo.

Also attending the forum were some senior comrades based in Beijing who held leadership positions at or above the brigade commander level in the 8th Route Army and the New 4th Army or leadership positions at or above the level of prefectural party committee secretary and prefectural administrative office commissioner, including Wang Ping, Wang Shoudao, Wu Xiuquan, Liu Lantao, Zhang Jingfu, Zhang Aiping, Chen Xilian, Duan Junyi, Liao Hansheng, Lu Zhengcao, Yang Chengwu, Ma Wenrui, and Wang Enmao. Comrade Geng Biao sent a congratulatory message to the forum.

Also present at the forum were the leading comrades from the three general departments of the PLA, all major PLA units based in Beijing, and the Armed Police Headquarters; leading comrades from the Central Propaganda Department, the Central Literature Research Office, the Central Party History Research Office, the Central Archives, and the State Administration for Press and Publications; and comrades from the compilation and editing committee of the all-Army historical materials series, the compilation and editing committees for *The Eighth Route Army* and *The New Fourth Army*, and the CMC Historical Materials Series Examination Group.

**Reporter Meets Nuclear Sub Builder Huang Xuhua**  
OW2808140995 Guangzhou YANGCHENG WANBAO  
in Chinese 12 Aug 95 p 2

[Weekend special article by YANGCHENG WANBAO correspondent Jiang Bing (5592 0365): "Huang Xuhua and China's Nuclear Subs"]

[FBIS Translated Text]

**A learned and refined elder called on me despite the scorching 40-degree Celsius heat, presenting his business card to me with a smile....**

"I am Huang Xuhua." He was a learned and refined elder of nearly 70, standing outside my guesthouse and knocking at the door. He was of medium height, with intelligent-looking eyes, with silver hair at his temples. When I opened the door, he offered to shake my hand with a smile and introduced himself.

Oh, he did call on me at my guesthouse despite scorching heat of 40 degrees Celsius outdoors in Wuhan, which is called the "furnace"! I repeatedly asked him over the phone not to call in person before I left for Wuhan, telling him I would visit immediately after my arrival, but he came to see me anyway. He said he was

afraid I might encounter trouble with guards at the gate if I went to visit him.

Elder Huang wore the typical clothes worn by a Wuhan citizen in summer. Actually, Huang Xuhua is not Wuhan citizen. Like me, he came from Guangdong, born in Haifeng County in March 1926, the son of a doctor. Walking on the street, he looks just like any of a multitude of retired veteran cadres and workers. None would know he is the chief architect of China's nuclear subs.

However, the business card he handed over to me clearly showed: "Huang Xuhua, researcher, academician with the Chinese Academy of Engineering, and chief designer of Project 09."

"Project 09?" Oh, I see.

**The arrogance of Khrushchev made Chairman Mao say something immeasurably weighty: "China will develop a nuclear sub even if it takes 10,000 years!"**

In the reception room of the Nuclear Sub Research Institute, Huang Xuhua had a slow conversation with me on the "information" concerning China's development of its nuclear subs.

Subs are called "underwater specters." To a certain extent, their appearance changed the way naval battles are fought. Subs were used for the first time in actual combat during World War I, and their role was brought into full play in naval battles during World War II. According to statistics, more than half of the Allies' convoy ships sent to the bottom of the seas were sunk by Nazi subs. However, strictly speaking, conventional subs are not really ships that can "remain submerged" for long. Actually, they are surface ships that can operate underwater for a short time. Moving on the surface of the water, conventional subs are powered by diesel engines; they can only be powered by storage batteries when they operate underwater. As storage batteries can provide subs with only half-an-hour's power when they navigate at full speed underwater, they must surface to use diesel engines to recharge their batteries after half an hour underwater. In modern warfare, due to almost daily developments in antisubmarine technology, a sub would imperil itself by surfacing and exposing its location. Therefore, immediately after nuclear power technology was developed, the United States and the Soviet Union engaged in a race to develop subs powered by nuclear reactors — nuclear subs.

In 1954, the world's first nuclear sub — the USS *Stingray* — was launched. It marked a new era in the development of sub technology. Every replacement of nuclear fuel enables a nuclear sub to navigate around



the earth several times. Its undersea navigation — from the time it submerges to the time it surfaces — can be as long as 90 days, the maximum length of time that sub crews can physiologically bear to remain submerged. It may be said that "subs" were not subs in a true sense of the word until nuclear subs were developed.

In 1958, Marshal Nie Rongzhen submitted a report to the central authorities requesting permission to develop a nuclear sub. Very soon, an official written reply to his request was made, and preparations for developing a nuclear sub got under way immediately. In 1959, when Khrushchev visited, China asked for Soviet help in developing a nuclear sub. Khrushchev was very arrogant, saying that nuclear sub technology was very difficult, that it would cost a lot of money, that China could not develop a nuclear sub, and that a Soviet-Chinese combined fleet would do as long as the Soviet Union had nuclear subs. After listening to those replies, Chairman Mao said something that is still dwelt upon with relish by staff and workers on the nuclear sub development front: "China will develop a nuclear sub, even if it takes 10,000 years!" Thereafter, China embarked on the road of independently developing a nuclear sub with the initiative in its own hands.

**A U.S. nuclear sub toy model was taken apart, reassembled, and taken apart again by designers; the project to develop a nuclear sub got under way, was halted, and proceeded again.**

At that time, China had to start from scratch in its endeavor to develop a nuclear sub. Only a very small number of people, including Huang Xuhua, had participated in developing China's conventional subs, modeled on design plans provided by the Soviet Union, between 1954 and 1958. As to what a nuclear sub looked like, none of them had seen one. The personnel responsible for the development gained their understanding of nuclear subs entirely from a toy U.S. nuclear sub bought by a comrade of the General Staff Department [of the People's Liberation Army] in Hong Kong. All of them treated it as a treasure. They took it apart, reassembled the dismantled parts, and took it apart again. They knew nothing about the specific data or internal structure of the "real thing." It is very hard for us today to imagine the difficulties they encountered at that time. They had no wind tunnel, whirl tube, large water tank, or the equipment for processing 90 cm-thick steel products. They had not even started the development of special steel plate for a nuclear sub yet. In particular, of crucial importance was the fact that China's nuclear industry had not yet achieved any breakthrough. The nuclear sub project had to be temporarily halted in 1963.

In October 1964, China detonated its first nuclear bomb. During the Spring Festival of 1965, Huang Xuhua submitted a report to the relevant department suggesting that the development of a nuclear sub be resumed. Very soon, the central authorities gave an official written reply, agreeing to resume the project. Huang Xuhua was appointed deputy chief engineer (the position of chief engineer was left vacant) of the 19th Section of the Seventh Institute of the Sixth Machine-Building Department. Earlier, Huang Xuhua had already been appointed deputy chief engineer of the Navy's office responsible for the development of a nuclear sub (the position of chief engineer was left vacant) in 1961. In fact, he became the chief architect in charge of China's nuclear sub development.

**The "water-drop" [shui di xing 3055 3336 0992] design was completed in one step; tens of thousands of pieces of data were acquired through the use of abacus and slide rules; the Long-March I was launched after the most difficult period of the Cultural Revolution.**

What would be the external design of our nuclear submarines? "Big Boss" Huang Xuhua proceeded to tackle this issue as soon as he took over the post. The great majority of conventional submarines, which move on the surface most of the time, use linear designs; however, nuclear submarines, which move underwater most of the time, must use "water-drop" designs to minimize water resistance. Yet "water-drop" designs could impair submarine operations. To play it safe, the United States went through three stages in the external designs of nuclear submarines. It first built a linear-shaped nuclear submarine, followed by a "water-drop" conventional submarine. With the experience gained from this, it then built "water-drop" nuclear submarines. At the beginning, many of our design personnel advocated the three-stage approach adopted by the United States. However, Huang Xuhua held that there was no need to follow other people step by step; he said we could use their successful experience and should have faith in our own technological strength. He and the design personnel he led buried themselves in laboratory wind tunnels [feng dong 7364 3159] and water tanks [shui chi 3055 3069], acquiring tens of thousands of pieces of relevant data and finally resolving operation problems. In this way, the external "water-drop" design of our nuclear submarines was completed in only one step.

Huang Xuhua still had profound feelings when he recalled the difficult years of developing nuclear submarines. At that time, we still had no computers. Tens of thousands of pieces of data were generated one by one, using the abacus and slide rules. Design personnel regularly worked till night to obtain one piece of data. Nonstaple food supplies were also poor at the time. Each person was given two jin of rice and two jin of flour a month; the rest of the food grain was in varieties other than rice and flour. There were few vegetables and even less meat on the dinner table. Huang Xuhua still remembered that the standard menu in the institute's canteen consisted of stir-fried eggplant with peppers for lunch and stir-fried peppers with eggplant for supper. There used to be a shuttle bus running between the institute and the nuclear submarine plant. However, after the outbreak of the Great Cultural Revolution, the scheduled bus was canceled, forcing design personnel to walk between the two places. During the Cultural Revolution, many design personnel had to work extra hours at night, as they were busy receiving criticism and repudiation during the day. Even General Architect Huang Xuhua was taken to a "barn" to raise pigs between 1968 and 1969. At the very moment when the development of a nuclear submarine was seriously obstructed, an "imperial sword" [a symbol of high authority in ancient times] arrived: The central authorities issued a directive to ensure the normal development of a nuclear submarine. After that, the development process gained momentum. In 1968, the project to build nuclear submarines officially began; in 1969, a water pressure test was conducted; and in 1970, the first nuclear submarine was launched for a shake-down cruise. The speed of development greatly surpassed that of the United States in its development of nuclear submarines. On 1 August 1974, China's first nuclear-powered submarine — a torpedo submarine named the Long March I — was officially delivered to the Navy, making China the fifth country in the world to possess nuclear submarines. In 1981, China's first guided-missile nuclear submarine was also successfully launched.

More than 2,000 plants, research institutes, and institutions of higher learning from 24 provinces were involved in developing nuclear submarines. As the general architect, Huang Xuhua was like the conductor of a large orchestra. He had to handle every note well to produce the most brilliant music. Facts have shown that Huang Xuhua's conducting arts were first-rate. The first nuclear submarine had more than 46,000 pieces of equipment, and the length of its pipes, when fully extended, would reach 120 kilometers. Everything was made in China. Some of the crew members on the nuclear submarine of a certain large country had to be carried out of the submarine after more than 80 days underwater. In contrast,

our crew members were able to walk to the pier, full of energy, after 90 days underwater. This fully shows that the quality of our nuclear submarines is first-rate.

As a person who has endured innumerable trials and tribulations with a steel-like will, Huang Xuhua has his particular interpretation of life: "I am never content with my work; I will fight for the goal with all my heart until it is achieved. My motto regarding personal life and material well-being consists of 16 Chinese characters: I am at peace with myself and content with my lot, and I will try to help people and take pleasure in doing so."

Huang Xuhua can be regarded as one who is "deeply involved" in his work and who always tries to forge ahead with courage. As for material comforts, he is "very detached." He always thinks about other people before himself. What a breadth of vision he has!

When China was designing its first strategic guided-missile nuclear submarine, there was information that a certain country had specially designed a cabin to hold a 65-metric ton top used to stabilize the submarine during missile launches. However, the weight would affect the nuclear submarine's speed. In designing the submarine, some of our technological personnel also wanted to follow the practice of that country. Their reasoning was that this would be insurance against accidents, saying that it would be difficult to justify our decision not to do so, should accidents occur. Huang Xuhua, however, told them that we must neither disbelieve foreign information nor give full credence to it. We must use a demon-detector as well as a magnifying glass and microscope to examine this information. After repeated calculations and research, he and the design personnel led by him finally resolved this difficult issue through the adjustment of the equipment layout inside the nuclear submarine. Subsequent information revealed that the said country actually never used the method indicated in the earlier report. The story about the use of tops was a trap set by that country.

This reporter asked: You took a certain risk in doing what you did at the time. Did you consider what would have happened to your reputation and position had you failed? The venerable Huang said: "At the time, it never occurred to me to think about my own reputation and position. Dealing with a nuclear submarine worth hundreds of millions of yuan, what would my personal reputation or position count? I was simply respecting science, accepting truth, and keeping faith in the conclusion of my own research."

**He went down to 300 meters underwater and became the world's first general architect to personally conduct deep-diving tests.**

He risked much more than reputation and position! For the cause of China's nuclear submarine, Huang Xuhua was even not afraid of losing his life. At the Nuclear Submarine Institute, people relayed to this reporter the story of Huang Xuhua's personally conducting deep-diving tests.

In early 1988, our nuclear submarine carried out a deep-diving test in the South China Sea. Deep-diving tests refer to tests conducted to measure the limits to a nuclear submarine's deep-diving ability. Experts know too well the test involves great danger. In the late 1970's, the U.S. submarine Sea Fox had an accident at a depth of 300 meters — a depth that approaches the vessel's deep-diving limit — while conducting deep-diving tests. The nuclear submarine sank to the bottom, more than 2,000 meters down, taking with it more than 160 people. Before the tests, Huang Xuhua and his colleagues examined every steel plate, every weld line, and every pipe. Only after they were sure of their safety did they begin the tests. To give testing personnel more confidence, Huang Xuhua, who was not required by regulations to go down, insisted on going down in the submarine — 100 meters, 200 meters, 250 meters, 300 meters. At this point, every square millimeter of the submarine's hull was under 30 kilograms of pressure. Due to the enormous water pressure, cracking sounds could be heard from various places on the nuclear submarine, sending icy shivers down people's spines. Huang Xuhua remained undisturbed, directing testing personnel to record various data. Finally, the 300-meter deep-diving test was successfully completed! Huang Xuhua became the world's first general architect to personally conduct deep-diving tests.

**Staff members of the Nuclear Submarine Institute told this reporter: You really must write a long report on him. Huang himself repeatedly told this reporter: I am far from the only one who devoted himself to science and technology for national defense.**

As a director of the Nuclear Submarine Institute with the "official rank" of department head (he is currently honorary director), an expert who receives special allowances from the State Council, and a member of the Chinese Academy of Engineering, Huang Xuhua's current working conditions are quite surprising: he has no air conditioning in his office (this is also true in the case of directors of other institutes). Except for the reception room, the only rooms in the institute with air conditioning are laboratories housing valuable instruments. His

income totals some 1,100 yuan monthly, the highest in the institute. As for housing, in 1982 he picked a top-floor unit — the one no one wanted — when he was still director of the institute. With the institute's party secretary picking the first floor, the institute's two leaders were occupying the two least desirable units. During summer, the inside temperature of Huang Xuhua's home normally reaches 39.5 degrees Celsius. Until last year, he had no air conditioning. In winter, his home temperature was normally at 1.5 degrees Celsius, as it has no heating. For transportation, neither Huang Xuhua and nor leaders of the other institutes had designated official cars. The institute's two best automobiles were Santanas that were several years old. On his calling card, the telephone numbers for his office and home are extensions. Believing that he must have a direct line, this reporter asked if he had one but was told there was none. Due to the strict security system, Huang Xuhua could not reveal to his relatives and friends what he was doing for a long time. Because of his busy work, between 1958 and 1986, he did not have a chance to visit his parents at his native home of Haifeng. Not until recent years, after his deeds were gradually "exposed," did his relatives and friends know the real cause.

No wonder that when the institute learned that this reporter had come there to write about Huang Xuhua, a middle-aged worker at the institute said with deep emotion: "You really must write a long report on him!"

However, Huang Xuhua repeatedly stressed: I am far from the only one who threw himself into the cause of science and technology for national defense in the fifties and sixties.

Huang Xuhua, and many others like him who made tremendous contributions to the state and yet were indifferent to fame and profits, represent the most outstanding Chinese intellectuals. Their deeds remind this reporter of the appropriate words of praise by Mr. Lu Xun: They are "China's backbone!"

**Beijing, Russia Said Developing Cruise Missiles**  
*HK2908014895 Hong Kong LIEN HO PAO*  
*in Chinese 30 Jul p 8*

[By correspondent Lu Te-yung (4151 1795 0336): "Mainland Military Expert Visiting U.S. Discloses That Mainland Has Invited Experts of Former Soviet Union To Develop Cruise Missiles"]

[FBIS Translated Text] There are clues indicating that the mainland Chinese authorities have recruited a whole cruise missile research and development team from the former Soviet Union, and they now are helping China to develop those missiles, said Dr. Lin Chung-pin, a mainland military researcher residing in America.



Dr. Lin, who works at the "American Enterprise Research Institute," a U.S. intelligence database, said that according to Western intelligence, China has secretly arranged to obtain all the personnel and technology from a missile plant in Russia, although to date there is still no concrete evidence of it. Based on the fact that the Soviet Union disintegrated in 1991, if this missile team and technology arrived on the mainland shortly after, then by now some initial results should have been achieved, and the test firing stage should have been reached. He said that Chinese-made satellites should be able to complement this by providing sufficient topographical information for inputting into the memory of the cruise missile system.

Asked whether the Chinese mainland has already developed the same class of strategic weapons as the U.S. Tomahawk cruise missiles, a scholar in Taiwan whose research focuses on the mainland's military capability replied that Dr. Lin Chung-pin's information was quite reliable. He said that China had transported an entire plant for the production of Russian-made cruise missiles to the vicinity of Shanghai about two years ago.

If China develops strategic cruise missiles, the threat it poses to its neighbors will be even greater than if it has only ground-to-ground ballistic missiles. Cruise missiles have a CEP [circular error probability] (a measurement of the degree of deviance) of only 20 meters, enabling them to attack point targets, while the mainland's M class tactical ballistic missiles, which are already considered fairly accurate, have a CEP of 300 meters.

Military sources in Taiwan have disclosed that the Chinese mainland may test fire cruise missiles on the high seas north of the Pengchia Islet.

It is understood that the former Soviet Union started to research and develop AS-19 airborne cruise missiles with a range of around 4,000 km in the mid 1980s. Each of these missiles is fitted with two warheads, and can attack two separate targets within a radius of 100 km. After the dissolution of the Soviet Union, however, there were no more funds for the development of these missiles, so the project might have been aborted in 1991. In addition, the production of the Tu-160 strategic bomber, which was designed to carry the missiles, halted with the 40th one.

The range of strategic cruise missiles exceeds 2,000 km, equivalent to the range of medium- and long-range ballistic missiles. Each cruise missile is like a small plane without a pilot, flying at subsonic speed at low altitude along a guided path, revising its direction if necessary, searching for unusual terrain and objects to check against the computer, and verifying the target

against a digital image when nearing it. The United States fired a total of 297 Tomahawk cruise missiles in the Gulf War, of which 282 hit their targets exactly.

It is understood that apart from strategic cruise missiles, China also may take reference from the U.S. Harpoon antiship cruise missiles, and revamp its C-802 antiship missiles to ground-targeted cruise missiles.

#### General Staff Headquarters Personnel Reassigned

HK2908072595 Hong Kong LIEN HO PAO  
in Chinese 29 Aug 95 p 1

["Special report" from Beijing: "Personnel Reshuffle at General Staff Headquarters, With Xu Huizi Stepping Down and Cao Gangchuan Joining Preparatory Committee of Hong Kong Special Administrative Region"]

[FBIS Translated Excerpt] The General Staff Headquarters of the People's Liberation Army [PLA] has carried out a personnel reshuffle, with Xu Huizi, executive deputy chief of staff, and Li Jing, deputy chief of staff, stepping down. Cao Gangchuan, incumbent deputy chief of staff, has been promoted to the post of executive deputy chief of staff, and assistant chief of staff Wei Fulin [7136 4395 5259] has been promoted to the post of deputy chief of staff.

Xu, member of the Social and Security Sub-Group of the Hong Kong Preliminary Working Committee [PWC], is a representative for the military's involvement in Hong Kong affairs. Before the PWC winds up its work by the end of this year, he will still serve concurrently at this post. When the Preparatory Committee [PC] of the Hong Kong Special Administrative Region is set up next year, Cao Gangchuan is expected to become the military's representative on the PC.

According to military sources, the current personnel changes at the General Staff Headquarters are routine ones. As both Xu and Li have reached the age ceiling, they have to be transferred to second-line institutions, and therefore, their transfers have nothing to do with the strained cross-strait relations.

Cao, a native of Wuyang County, Henan Province, was born in December 1935. He entered the ordnance school of the 3d Artillery Corps in 1954, and after graduation the following year, was recommended for admission to the PLA Russian Training School in Dalian. In 1957, he was sent to the Soviet Union to study at the Soviet Artillery Military Engineering Institute, and in 1963 he graduated from the Soviet Senior Artillery Military Engineering School.

After his return to China, Cao worked at the general headquarters for a long time, serving as instructor at

the ordinance school of the 1st Artillery Corps; as an aide at the Ordinance and Armament Departments of the General Logistics Headquarters; and as a staff officer, deputy section head, section head, deputy director, and director of the Armament Department of the General Staff Headquarters.

In August 1990, Cao was transferred to the General Staff Headquarters and became director of its Military Affairs Department, as well as director of the Military Supplies Trade Office of the Central Military Commission [CMC]. In December 1992, he was appointed deputy chief of staff, the first who had never served in a combat unit.

Wei Fulin, who was 57 last February, is a native of Xinbin County, Liaoning Province. In 1956, he joined the PLA Infantry School in Qiqihar, and later worked for a long time in combat units of the Shenyang Military Region, rising step by step from platoon commander to battalion commander, regimental commander, and then divisional chief of staff. After completing further studies at a military academy in 1982, he served successively as divisional commander and army chief of staff, and then was transferred to the General Staff Headquarters as deputy director and director of the Operation Department. In 1992, he took up the post of assistant chief of staff, along with Wu Quansu and Xiong Guangkai. He was transferred as commander of the Chengdu Military Region some time ago, and soon afterward was appointed deputy chief of staff. His promotion obviously is aimed at strengthening the force of operational command at the General Staff Headquarters.

The 63-year-old Xu Huizi, who has withdrawn to the second line, will serve as president of the Academy of Military Science and will work alongside its political commissar, Zhang Gong. General Zhao Nanqi, the previous president and former director of the General Logistics Department, has completely retired owing to his age. [passage omitted]

Li Jing is universally acknowledged as a follower of CMC Vice Chairman Liu Huaqing. His new post has not been fixed; neither has anyone been announced to take up his post as deputy chief of staff. Liu Huaqing reportedly holds that under the new international situation, it is necessary to vigorously beef up naval forces, and therefore one of the deputy chiefs of staff should come from the Navy. For this reason, Admiral Zhang Lianzhong, incumbent commander of the Navy, is likely to be transferred as deputy chief of staff at the General Staff Headquarters, while Li Jing is likely to return to the Navy and become as its commander.

It has been learned that CMC Chairman Jiang Zemin consulted with Liu Huaqing and Zhang Zhen on further personnel changes in the military, and therefore the possibility of changes in the CMC cannot be ruled out.

#### Garrison Commands Enforce Discipline

HK2908061495 Beijing JIEFANGJUN BAO  
in Chinese 20 Jul 95 p 1

[By Wang Chunxin (3769 2504 2450) and reporter Ren Yanjun (0117 3601 6511): "All Garrison Commands Rigidly Enforce Law To Safeguard Army Prestige"]

[FBIS Translated Text] Beijing, 19 Jul (JIEFANGJUN BAO) — Keeping in mind troop management needs in the new period, our Army has vigorously stepped up urban garrison work, strictly enforced the law, and intensified the inspection and supervision of servicemen and military vehicles outside the barracks. Between January and June this year, the whole Army inspected more than 360,000 servicemen and over 260,000 military vehicles on different occasions, thus dealing a heavy blow to such criminal activities as passing oneself off as a serviceman, effectively boosting troop management, and safeguarding the discipline and prestige of our Army.

Since 1988, the number of garrison commands in our Army has increased to more than 220, basically developing into a management network across the nation. After promulgating its first statute on garrison duty in 1992, our Army, in line with the development of the situation and the need of troop management, gradually has amplified relevant rules, regulations, and systems so that there are laws and regulations to go by in garrison work. Moreover, our Army has vigorously improved the quality of garrison personnel, and has trained a contingent of inspectors and pickets who have a good grasp of policies, are familiar with regulations, and are good at and dare to exercise management. A new situation in which internal and external management are combined and promote each other has emerged in troop management work throughout the Army.

In recent years, in keeping with the need of peacetime troop management work and the special features of regional management, all garrison commands have conscientiously run the Army with strict discipline, giving top priority to inspecting and supervising servicemen and military vehicles outside the barracks. They have established a working contact system with public security, traffic, judiciary, industrial, commercial, and other departments in places where they are stationed; have further straightened out relations with all garrison troops; strengthened coordination; and while doing a good job of routine inspection, have stressed

random checks, night checks, and spot checks in public recreational places. Following the implementation of the new work-hour system, all garrison commands have promptly adjusted inspection and picket duty forces and intensified law enforcement in line with the new demands of troop management work.

Troop commanders are impartial and incorruptible in enforcing discipline outside the barracks. In strict accordance with state laws and decrees, Army rules and regulations, and other relevant stipulations, they impartially enforce the laws, treating all servicemen and military vehicles outside the barracks equally, without discrimination, and irrespective of their positions and units. Servicemen and military vehicles acting in violation of discipline, laws, and regulations are investigated thoroughly and dealt with strictly, and the troops concerned are notified promptly.

In keeping with the spirit of the relevant circulars of the State Council General Office and the Central Military Commission General Office, all garrison commands also have helped relevant local departments crack down on such criminal activities as passing oneself off as a serviceman. In the first half of this year, they have uncovered a number of criminal syndicates posing as servicemen, as well as sham military vehicles and army-run enterprises, thus safeguarding the image and prestige of our Army.

#### **Ships Changed Into Combat Power at Fleet Center**

*HK2908083195 Beijing JIEFANGJUN BAO  
in Chinese 24 Jul 94 p 1*

[By Zhu Xuewen (2612 1331 2429) and Ruan Shanfeng (7086 1472 1496): "East China Fleet Training Center Becomes Cradle for Turning New Equipment Into Combat Power"]

[FBIS Translated Text] The ship training center of the East China Sea Fleet, which was set up seven years ago, has become a cradle for turning new equipment into combat power with the help of advanced teaching facilities and through highly difficult training exercises. In the past seven years, the first of all new-type ships in the East China Sea Fleet have developed their combat power here. Up to early July, 41 ships of all types had completed their training tasks and joined their respective combat units.

To meet the development needs in equipment, the center has set up nine training rooms, such as navigation, guns, missiles, underwater weapons [shui wu 3055 2976], thunder [lei sheng 7191 5116], electromechanical devices, telecommunications, and strategy, as well as a target team [ba ji dui 7249 2894 7130], which can perform simulated operational tasks of all ship subjects. Their

attack submarine training simulation center can carry out three-dimensional simulated designs, vividly simulating free maneuverability of submarines at different sea areas, water temperatures, stormy waves, and water depths in four seasons of the year. By sitting in front of their computers, captains, water control chiefs [dao shui zhang 1418 3055 7022], sonar men, and helmsmen are capable of entering different sea areas in the vast coastal areas and territorial seas to "attack submarines" under "all weathers." The damaged pipes simulation room in this center is like sailing in a room. At the touch of a button, roaring sea water will rush in from a dozen or so "shell holes" in the warship, and there will be raging fires in the engine room. The students immediately fetch leak stoppers and fire extinguishers to conduct training in stopping leaks and extinguishing fires. All this is conducted under conditions similar to live operations. Dozens of subjects that are difficult to operate in a ship for a long time while the engine is running — such as radar reconnaissance, missile attack, and depth-charge firing — all can be conducted in the simulated training center at high intensity to enable those under training to substantially improve their level of on-station operations.

On the basis of simulated training, the center also has stepped up maneuvers between two units. In particular, it chooses the most complicated sea area to carry out such training, and conscientiously trains all subjects one by one. To understand the performance of the new equipment in a new missile frigate, they took the ship to a complicated and perilous sea area, where they trained on depth charges, rockets, artillery pieces, missiles, and electronic warfare systems, one by one, so that the officers and men could master the performance of the new equipment systematically and to a high standard. Since its establishment a few years ago, the frigate group of a fleet base had never finished a complete set of individual ship training, but after undergoing intensive training for a year in the center, all the ships in the group finished all the training.

#### **Inner Mongolia Holds Law Enforcement Meeting**

*SK2808134795 Hohhot NEIMENGGU RIBAO  
in Chinese 2 Aug 95 p 1*

[Reported by Hao Bin (6787 2430): "Beef Up Efforts in Law Enforcement and Supervision and Safeguard the Overall Situation of Reform, Opening Up, and Stability"]

[FBIS Translated Text] It is necessary to uphold the theory of building socialism with Chinese characteristics and the party's basic line, proceed from reality, act in close connection with the party's central task and



the needs of building the socialist market economic system and attaining the level of moderate prosperity, beef up efforts in law enforcement and supervision, and safeguard the overall situation of reform, development, and stability. This was the guiding ideology for the regional law enforcement and supervision work for some time to come proposed by the regional meeting of discipline inspection and supervision organs on law enforcement and supervision work which ended on 28 July.

Regional party and government leaders, including Liu Mingzu, Yun Bulong, Feng Qin, Wan Jisheng, and Wang Fengqi attended the meeting. Liu Mingzu gave an important speech at the end of the meeting.

In his speech, Liu Mingzu pointed out: The task of top priority of the current anticorruption work is to solve the problem of understanding and to understand the importance and urgency of the anticorruption struggle from the perspective of safeguarding the status of the ruling party and the overall situation of reform, opening up, and stability; and to gain strength and confidence from the determination and move of the party Central Committee in the anticorruption struggle.

Liu Mingzu emphatically pointed out: Law enforcement and supervision work should be carried out in close connection with the central task of economic construction. The sixth regional party congress has already defined the fighting objective and strategic measures to be implemented until the end of this century. To fulfill the two great historical tasks of attaining the level of moderate prosperity and building the socialist market economy, we have to do very arduous work. At present, our reform of the economic system has involved many deep-rooted problems accumulated by the old system, and contradictions of one kind or another are complex. Under such circumstances, the task for law enforcement and supervision work has become heavier than ever. At present, the work priorities of the discipline inspection and supervision organs at all levels are: 1. They should attach importance to guaranteeing the implementation of policies, measures, and methods of the party Central Committee, the State Council, and the regional party committee and government on curbing inflation, actively conduct supervision and inspection, further arouse the great attention of leaders at all levels and of relevant departments, realistically beef up efforts in work, and through the common efforts of all sectors, guarantee that the rise of prices this year will be lower than the national average. 2. They should strengthen supervision and inspection over the implementation of all policies on agriculture and rural work. The priority is to supervise and investigate the problems on reducing the burdens of peasants and herdsmen, cases on harming

and entrapping peasants, the input and use of agricultural funds, and the progress of clearing up and consolidating the financial management system of townships and towns. 3. They should conduct effective supervision on the basis of changing government functions and deepening enterprise reform, and should accelerate enterprise development. It is necessary to safeguard the legal rights and interests of enterprises, supervise the relevant government departments to delegate powers to places where needed, strengthen the supervision and inspection of enterprise responsible persons, and strictly investigate and handle such acts as abusing power to seek personal gain, engaging in corruption and bribery, illegally changing the state-owned assets, practicing bureaucracy, neglecting one's duty, and creating serious economic losses for enterprises. In short, through the efforts of all sectors, we should enable law enforcement and supervision work to realistically play an important role in the region's reform, opening up, and economic development.

Liu Mingzu pointed out: In law enforcement and supervision work, we should also take a two-handed approach. In carrying out this work, we should combine education with investigation and handling, self-discipline with supervision, and attack with prevention. This should be considered as the important means and aspect for conducting education on communist ideals and conviction, on the purpose of wholeheartedly serving the people, and on hard work and arduous struggle among the broad masses of cadres and party members.

Liu Mingzu stressed at the end of his speech: Party committees and governments at all levels should strengthen leadership over law enforcement and supervision work, regard a success in this aspect as an important task of strengthening party building, further establish and perfect the system of responsibility for anticorruption struggle and the system of responsibility for checking unhealthy trends and conducting specific operations, actively guide and help law enforcing and supervision departments to exercise their functions, and give play to their role. It is necessary to unceasingly strengthen the building of law enforcement and supervisory contingents, do a good job in coordinating the work of all departments, and guarantee that the law enforcing and supervisory functions can be given full play.

The meeting defined the tasks for law enforcement and supervisory work for some time to come: Continued efforts should be made to strengthen supervision over law enforcement and the implementation of all major reform measures and safeguard the overall situation of reform, opening up, and stability; strengthen law enforcement and supervision over the work of reducing the burdens of peasants and herdsmen and guarantee

the implementation of the party's various policies on agriculture, animal husbandry and on the rural and pastoral areas; supervise the enforcement of the "enterprise law" and "regulations" and create a relaxed environment for enterprise development; persist in conducting law enforcement and supervision over the hot issues on which the masses have strong comments and exert efforts to strengthen the diligent administration and honesty of party and government organs; strengthen supervision over the enforcement of laws and regulations and of the systems on party style and administrative honesty and enhance the sense of the legal system, and the legal system level; and strengthen leadership over law enforcement and supervisory work, unceasingly deepen and develop this work, and make contributions to the region's economic development and social stability.

#### **\*Waging Hi-Tech Information Warfare Reviewed**

##### **Part Two**

95CM0395A Beijing JIEFANGJUN BAO in Chinese  
20 Jun 95 p 6

[Part two of article in three installments by Wang Bao Cun and Li Fei: "An Informal Discussion of Information Warfare"; part one published in the 25 August China DAILY REPORT on pages 39-41]

[FBIS Translated Text] To conduct and win information warfare, two major supports will be needed.

#### **A Digitized Battlefield**

A digitized battlefield is a composite network system covering the whole operational space made up of a communications system, a C&C [command and control] system, an intelligence transmission system, a computerized battlefield database, and user terminals, which can provide users with large amounts of operation-related information in real time or nearly real time. This network system's function is to use information technology to acquire, exchange, and use digitized information in real time, promptly meeting the information demand of commanders, combat personnel, and combat support personnel, so that they can clearly and accurately grasp all battlefield conditions needed to draw up and apply operational plans. This system not only can transmit information such as voice, graphics, text, and data, but also can provide users with a battlefield image [picture] portrayed by a common database and the supreme battlefield command knowledge-base [braintrust] (including substance such as one's own posture, the enemy's posture, combat readiness, logistics conditions, and operating environment). This picture is dynamic, changing with the movements of both combatants and changes in terrain and weather.

A digitized battlefield is a prerequisite for information warfare. The establishment of a digitized battlefield has many advantages. For instance, information sharing clarifies the positions of the enemy and one's own units, sharply lowering accidental injuries; it enables battlefield commanders to amass key units at crucial sites at critical times; it can effectively coordinate short-distance, in-depth, and rear operations, providing intelligence support for all-out, in-depth, simultaneous offensive operations. As all know battlefield conditions, subordinate commanders can bring their initiative into play, acting promptly at their own discretion in line with their superiors' intentions; it makes logistics support "very accurate," such as material provision variety and quantity "accuracy," logistics support provision-time "accuracy," and wounded treatment "timely accuracy."

The establishment of a digitized battlefield is a sort of systems engineering. Many U.S. military specialists claim that this project is more challenging than the Manhattan Project. To carry out this project, the United States is taking many steps.

Setting up the relevant organizational structures: In line with Clinton's Presidential Order #29 issued in September 1994, the U.S. Defense Department has set up the National Security Policy Commission and the National Information System Security Commission. The former is charged with formulating military security policy and digitized battlefield establishment principles, while the latter is responsible for controlling the security and secrecy of classified and sensitive information on the military information superhighway and the digitized battlefield. In its first service arm, the U.S. Army set up in January 1994 the Army Digitized Special Taskforce under the direct leadership of the Army's first deputy chief of staff. In June 1994, that taskforce was expanded into the Army Digitized Office, charged with the design and establishment of the digitized army battlefield. In July 1994, the U.S. Navy set up the Theater of Operations Information Warfare Center; in January 1995, it established the Fleet Information Warfare Center. Their joint responsibilities are to study and design the technology and software needed for the digitized naval battlefield. The U.S. Air Force Information Warfare Center was set up in October 1993, charged with the digitized air battlefield establishment.

Information resource standardization: To build a digitized land, sea, and air battlefield, the computer system structures, operating programs, program design languages, software applications, database languages, and communications rules of all information systems must be standardized and interchangeable throughout all branches of the military. Thus the U.S. military is now pursuing two information resource standardization

plans. 1) The all-service command, control, communications, computer, and intelligence system standardization plan. This plan will set up a global military information database and a global joint network system, thus deploying throughout the world global information sharing for the U.S. military. 2) The defense information control standardization plan. This plan is aimed at upgrading the interchangeable software technology of all Defense Department information systems, to eventually make information control and usage standardized and interchangeable.

The diversified C&C digitized joint-network plan: To achieve battlefield digitization for all arms of the service, the U.S. military is now pursuing a diversified C&C digitized joint-network plan. For instance, the U.S. Army has seven plans: the "composite unit C&C—high-tech demonstration" plan aimed at improving and developing the computer-assisted C&C system; the "joint ground station" plan to provide rapid operational intelligence information to brigade commanders; the "global network grid" plan to bring many combat units into a single working network; the "survival adaptation system demonstration" plan that uses multi-media technology to transmit information such as voice, graphics, and data to combat troops; the "21st century ground warrior" plan to achieve a free battlefield dialogue between man and machine; the "brigade and below unit (subunit) C&C plan" to provide battlefield information to units (subunits) at the brigade level and below; the "battlefield combat friend and foe recognition demonstration" plan.

#### An Informationized [Smart] Military

The second major support for information warfare [IW] is an informationized military. While many developed Western nations are now considering the establishment of technology-intensive informationized armies, the United States is the only one that has drawn up and started to implement plans for an informationized military establishment.

An informationized army is a brand-new "information-based" military category, with its combat theory, system establishment, personnel quality, and weaponry being completely suited to IW needs. The U.S. informationized military establishment plans are in two stages, which are estimated to be completed by the mid-21st century.

In the first stage, the U.S. Army will first be digitized. While digitized units will be essentially the same in authorized strength and structure as units with ordinary equipment, they will be units with digitized communications technology, integrated command, control, communications, and intelligence, smart weaponry, and networking of all operating systems. The major signs

that a unit is digitized will be that its main outfits will be equipped with digitized communications equipment, second generation forward-looking radar, identification friend and foe [IFF] equipment, and the global positioning system [GPS]. Such equipment will include M1A2 tanks, M2A2 fire support vehicles, M2A3 fighting vehicles, Black Eagle command helicopters, Apache attack choppers, Kiowa Brave reconnaissance choppers, M109A6 Warrior self-propelled guns, and M106A2 mortars. The U.S. Army now has a digitized battalion, and will have established a digitized brigade by 1996, a digitized division by 1997, another digitized division by 1998, and a digitized army by 1999, with all Army units digitized by 2010.

To test the combat capability of digitized units, the U.S. Army has conducted repeated simulated tests and live-troop confrontation exercises between digitized task forces and nondigitized units. The simulated tests show that digitized technology can shorten the time of choppers going into action from the past 26 minutes to 18 minutes, while raising the hit rate of antitank missiles from 55 percent to 90 percent. The live-troop exercises show that using conventional communications means to send on-site reports to battalion headquarters takes nine minutes, while digitized communications means takes only five minutes; that the repetition rate is 30 percent for (telegram) text sent by conventional means, but only 4 percent for that sent by digitized means; and that the completion rate of on-site reports is only 22 percent by phone, but as high as 98 percent by digitized means. The U.S. Army has reached through repeated demonstrations the initial conclusion that "digitized units have enormous combat potential," with their combat effectiveness being "about three times that of ordinary units."

In the second stage, the U.S. Army will grow more informationized [smarter] on that digitized foundation, as well as building the entire U.S. military, including the Navy and Air Force, into a fully informationized force. After 2010, the U.S. Army will probably be the first to draw up "IW theory," as well as acting in line with that theory to reform its system establishment, carry out military training, and develop weaponry, to informationize its units. That will probably take about three decades, being completed by 2040. There are two reasons for that: 1) Due to the shortage of money for military expenditures, once its key combat equipment is digitized can its related combat support and combat logistics support equipment be gradually digitized. Also, it will have to develop a batch of new smart weapons. So projected from an arms development cycle of about 15 years, it is estimated that its equipment will be completely informationized by 2030. 2) The conversion



of a military establishment from one structure to another that can operate effectively will take roughly two decades. The U.S. military that can begin to adjust its troop structure after 2010 will still need around two decades to establish the mechanisms suited to fight an information war. Also, as weaponry informationization and military establishment reform cannot be completely synchronous, with an approximate time lag of at least a decade, it is projected that the U.S. Army will be fully informationized only by 2040. The U.S. Navy and Air Force are now also informationalizing. And by about 2040, once all service arms are informationalized, it will still take more than a decade to get the entire military into a digitized joint network. So it is obvious that by mid-century, the United States probably will have built the world's first completely smart military. (To be continued.)

### Part Three

95CM0395B Beijing JIEFANGJUN BAO in Chinese  
27 Jun 95 p 6

[Part three of article in three installments by Wang Bao Cun and Li Fei: "An Informal Discussion of Information Warfare"]

[FBIS Translated Text] While information warfare [IW] has not yet occurred, or at most has only started to show up, as it is an exceptional and new form of warfare with milestone significance, it will have an enormous impact on all aspects of the military arena.

### The IW Impact on Combat Thinking

The IW proposition will have an impact on many aspects of combat thinking as follows:

It will make the rivalry over "information dominance" particularly intense. Just as certain experts note, "information dominance can be defined most easily and accurately as knowing all enemy information, while keeping the enemy from learning one's own." In future wars, most participating troops in most situations will be dealing not with material, but rather with information. The formation and development of troop combat effectiveness will rely mainly on information collection, processing, transmission, control, and usage. A superior force that loses "information dominance" will be passive, beaten, and in trouble, while an inferior one that seizes the information advantage will be able to win the battlefield initiative. As future combat actions will all be dependent and focused on information, the struggle to wrest information dominance will permeate all the way, and will be exceptionally fierce and intense.

It will expand the implications of warfare. This will be manifested mainly in two areas. 1) It will make

it harder to win wars. In the agricultural age, it was necessary only to exterminate the enemy's armed forces to win the war. And in the industrial age, in addition to wiping out the enemy country's military, it has also been necessary to destroy its military-industrial base. But in the information age, it will be necessary not only to eliminate the enemy country's warmaking "material base," but also to control and destroy the enemy's information systems, which will be the primary assault targets. 2) It will expand the limits of war into outer space. That is because the key IW systems—space monitoring, positioning, guidance, and communications systems—will all be deployed there.

It will shorten the time of battle. The institution of IW will shorten future wars for two reasons: 1) On one hand, attack means will be highly precise, with the strike targets also being key enemy military positions such as "braincenters," which can be forced to submit very quickly. 2) On the other, in the information age as compared to the industrial age, the combat objectives pursued by both belligerents will be more limited, not total surrender or extermination of the other side, but rather limited political objectives.

It will make combat more integrated. As information will flow quicker, as well as not being subject to service arm or time-space limitations, future wars are going to be unprecedentedly integrated.

1) Land, sea, air, and space warfare will be highly integrated, which will be the case not only in large-scale wars, but also in small-scale armed conflicts. 2) The combat lines among service arms will be hard to distinguish. For instance, the weapons that destroy enemy tanks may not be one's own [friendly] tanks, but rather "smart" missiles fired from friendly naval submarines. 3) War zone combat operations will be integrated. As information-age units will have real-time information for rapid mobility both day and night, "the decentralized campaigns developed in the industrial age will no longer exist, being replaced by integrated combat operations in the entire theater of operations." 4) The lines among the strategic, campaign, and tactical levels will be blurred. As smart weapons will provide effective means of meeting combat objectives, it will be possible at times to meet strategic and campaign objectives without using large units.

It will change the substance of force concentrations. As the use of precision strike and stealth weapons will make it possible for force concentrations to meet campaign and even strategic objectives, the force-concentration priority will change from the tactical to the campaign and strategic level. The concentration of mostly personnel will change to the concentration of mainly fire-

power and information, with the concentration of mostly troop and weapons quantity changing to mainly quality. Force concentrations will occur faster, more precisely, and more often during operations.

#### **The IW Impact on Military Organizational Structure**

Wars during the industrial age have had military structures determined by the "firepower casualty system" base. But wars in the information age will require an "information-based" troop organization. So with a changed base, the military system establishment will also be bound to change significantly.

[Alvin] Toffler noted recently that in the information age, "as the winning of wars will rely on military quality, not quantity, the military will shrink in size." So IW in a certain sense is "precision warfare," with objectives achievable without using large amounts of troops or arms.

The military makeup will change. To adapt to IW needs, changes in military makeup will experience the following trends: In the balance of army to naval and airforce might, the ratio of army troops will decline, while that of naval and airforce troops will grow; in support units, technical support might will grow, while logistics support might will decline; in the balance between light and heavy units, light units will grow in ratio, while heavy ones will decline; in the officer-to-men ratio, there will be more officers and less men; in the officer makeup, there will be more technical officers and less commanding and ordinary staff officers. Also, there are likely to be new service arms such as a space force and computer soldiers.

The unit establishment will tend to be smaller, more integrated, and more multifunctional. While Western nations have not yet determined the IW unit establishment, they hold that these units will have the following features: "The best combination of men and machines," with quality personnel and high-tech arms both being most efficient; flexible mobility suited to command, control, and information flow; light equipment that is easy to deploy; high combat effectiveness, less command levels, multifunctional commanders, and crack commanding organs.

There are two implications for smaller units. 1) Unit might at all levels will be smaller. For instance, U.S. Army divisions will be cut from 18,000 to 12,000 troops each, with British and French army divisions likely to be reduced from 12,000 to under 10,000 troops each; 2) The status and role of units at all levels will be obviously higher. For instance, the U.S. military plans to raise the role of the army in campaign planning to the group

army level, replacing the division with the brigade as the basic tactical operations unit equipped with all sorts of combat and support platoons. And the Russian military is also planning to institute an "army brigade system." The factors in the appearance of such a situation include higher-quality officers and men, weaponry advances, and robot-equipped units.

Unit integration means that composite units will reach new heights, with a transition from composite service arms to composite armed forces. For instance, the U.S. military is considering the establishment of two units, one being a composite army-airforce unit, or the "flying tank" "air mechanized unit," and the other a land, sea, and air "joint task force." This latter unit will be made up of an army brigade task force, an airforce fighter squadron, a naval fleet unit, and a marine expedition platoon, suited to countering low-force conflicts and breakouts overseas.

Multifunctional units will mean that units at all levels will have to fulfill diverse combat missions in wars on all combat terms and all degrees of force, including "noncombat operations." Meanwhile, army, navy, and airforce combat units are also likely to break the traditional service arm operating limits, performing combat operations of other service arms. For instance, land units will fight naval and air battles, with naval and airforce units fighting land battles. So some Western military experts predict that as units diversify, unit establishment categories will decrease.

#### **The IW Impact on the Equipment Establishment**

Due to the "effects" of IW and military spending shortages, developed nations are adopting an equipment establishment policy of "more research and reserve technology, and less production and arms purchases." To implement this policy, they are taking three steps: 1) They are terminating and adjusting preset unit development projects and purchase plans. For instance, the United States has eliminated over 150 arms production plans, and delayed over 20 equipment purchase plans; Germany has eliminated and postponed over 40 arms purchase plans. 2) They are increasing their research input. In the past decade, the defense research outlays of Japan, the United States, France, and Germany have increased respectively 120 percent, 67 percent, 66 percent, and 56 percent. And most of this outlay is going to develop the "crucial technologies" of smart ammunition, smart weapons platforms, and the C<sup>3</sup>I system. 3) They are upgrading their existing weapons. While the Western nations are slowing their rate of production of new weapons, they are paying more attention to the use of electronic information technology to modernize and upgrade their existing equipment. For instance, the U.S.

Airforce is planning to upgrade its B-52 bombers outfitting them with high-tech systems such as new radar, global positioning systems, and cruise missile launching units, to keep them in service until the year 2000.

To be able to fight IW in the next century, developed nations such as the United States will place priority on

the development of equipment such as the C<sup>3</sup>I system (command, control, communications, computers, and intelligence system), personal digitized equipment, and stealth weapons.



## General

### Zhejiang Official Notes Jiang Zemin Principles

HK2908015695 Hong Kong LIEN HO PAO  
in Chinese 24 Aug 95 p 8

[Dispatch from Hangzhou by reporter Wen Hsien-shen (2429 3807 3234): "Jiang Zemin Issues Two Principles for Drawing in Taiwan Businessmen"]

[FBIS Translated Text] While cross-strait relations turned sour, Ma Guangwu, director of Zhejiang's Taiwan Affairs Office, disclosed that Jiang Zemin, CPC general secretary and PRC president, recently issued two principles concerning Taiwan capital, instructing various localities on the mainland not to jeopardize Taiwan businessmen's interests, and to do away with the psychological effect which the existing tension in the Taiwan Strait is having on Taiwan businessmen.

Jiang's instruction indicates that while continuing to attack the Taiwan authorities, the mainland is making greater efforts to draw in Taiwan businessmen, delinking political matters from the economy. According to a report, various localities will formulate new measures to attract Taiwan capital in light of Jiang's instruction and local conditions, and will send officials to hold face-to-face talks with Taiwan businessmen. Liu Zhentao, deputy chief of the Economic Bureau under the State Council Taiwan Affairs Office, recently went to coastal areas in southeastern China to hold discussions with officials of Taiwan Affairs Offices in various localities and to meet with representatives of Taiwan businessmen in implementation of Jiang's instruction.

The Zhejiang official cited Jiang as saying that efforts should be made to remove the psychological effects on Taiwan businessmen brought about by the tension in the Taiwan Strait, to provide better service, and that no harm should be done to Taiwan businessmen's interests under any circumstances. Things in various localities suggest the strained across-strait relations have slowed down Taiwan investment in the mainland, and the local authorities are also in need of the CPC Central Committee's specific guideline for Taiwan investment. Jiang's directives may remove their misgivings in implementing the policy toward Taiwan businessmen.

When asked if there is any change in the policy toward Taiwan, the Zhejiang official said: Zhejiang will continue to follow the principles of "one country, two systems" and "peaceful reunification." The policy for promoting cross-strait exchanges has not changed. However, when asked how Taiwan businessmen can set their minds at rest when the military exercise is under way in the maritime space between Zhejiang and Fujian, Ma Guangwu repeated what central officials had said,

attributing the strained cross-strait relations to Li Teng-hui.

Ma Guangwu said: Following the Qiandao Hu incident last year, the CPC Central Committee issued Document No. 40, instructing all localities to give a preference to Taiwan businessmen when they offer the same terms as U.S., Japanese, and Hong Kong businessmen, and to relax investment restrictions to a certain extent for Taiwan businessmen.

Ma Guangwu added: Zhejiang recently issued Document No. 6, putting into force a 12-character principle of "equality and mutual benefit, supplementing each other's advantages, and sharing achievements" to attract Taiwan capital. According to the document, a link will be established with every Taiwan businessman in Zhejiang. Those who have invested over \$10 million, \$5 to 10 million, and less than \$5 million will have a link established with provincial-city-, and county-level Taiwan Affairs Offices respectively. Officials of various levels of Taiwan Affairs Offices and of People's Congress, as well as CPPCC deputies, will visit local Taiwan-funded enterprises one by one.

### Song Jian on Growth, Change in Coal Industry

HK2908073995 Beijing RENMIN RIBAO in Chinese  
27 Jun 95 p 2

[By reporters Liu Xieyang (0491 3610 7122) and Peng Jialing (1756 0857 7117): "Ministry of Coal Industry Formulates Strategy for Invigorating the Industry Through Science and Technology"]

[FBIS Translated Text] Beijing, 26 Jun (RENMIN RIBAO) — If extensive operation continues, China's coal industry will get nowhere. This was the remark repeatedly stressed by Song Jian, state councillor and minister of the State Science and Technology Commission, at the National Conference of Science and Technology Education for Coal Industry.

Song Jian said that after decades of construction, China's coal industry has developed to a considerable scale and has made a great contribution to China's rapid economic growth. However, the form of growth based on extensive operation has not made fundamental changes. Thus, this has resulted low efficiency and poor results for the coal industry, which may be even lower than that of some developing countries. In particular, the majority of township and town coal mines, which account for 40 percent of the total national output, still adopt very outdated mining methods, use low-level technical equipment, lack safety precautions, and seriously waste resources. Extensive management has seriously limited the development of the coal industry.

Therefore, if we do not stress science and technology, the coal industry will have no way out.

Song Jian expressed hope that invigorating the coal industry through science and technology can be embodied during the Ninth Five-Year Plan and achieve results early in the next century.

Wang Senhao, minister of coal industry, said at today's meeting that coal enterprises must take scientific and technological progress as crucial measures to upgrade product quality, adjust product mix, and improve economic efficiency. The coal industry should actively use new technology and equipment to conduct the technological renovations of existing mines, especially to accelerate the construction of highly productive and efficient mines. Where conditions permit, mines should also formulate goals and concrete measures to meet the requirements of highly productive and efficient coal mines.

It is understood that on 19 June the leading party group of the Ministry of Coal Industry made a "Decision on Accelerating Implementation of the Strategy for Invigorating the Coal Industry Through Science and Technology."

#### **Zou Jiahua on Promoting 'Quicker' Development**

OW2808163295 Beijing XINHUA in English  
1556 GMT 28 Aug 95

[FBIS Transcribed Text] Xining, August 28 (XINHUA) — A senior Chinese official has confirmed that the state will adopt measures to bring about quicker economic development in central and western parts of China.

Vice-premier Zou Jiahua, also a member of the Political Bureau of the Central Committee of the Communist Party of China (CPC), made the remark during a recent inspection tour to northwest China's Qinghai Province.

Zou said that the central-western areas have abundant resources and some economic foundation, and urged the areas to take advantage of this to establish a regional economy and to unite with economically-developed areas in eastern China.

From August 22 to 26, Zou, accompanied by local officials, visited Xining, Karmu, Huangnan, and Hainan Tibetan autonomous prefecture, the Qaidam Basin, and local factories and hydro-electric power stations at Lijiaxia and Longyangxia.

At the Lijiaxia and Longyangxia hydro-power stations, two state key projects, the vice-premier said that the upper reaches of the Yellow River in Qinghai Province have plenty of hydro-electric potential.

The development of hydro-electric power resources on the upper reaches of the Yellow River will lay a solid base for the economic development of northwest China, Zou went on to say, urging local officials to redouble efforts to turn resource advantages into productive ones, with full support from the central government. They should abide by stair-like development principles in river valleys, and work to find a new way to alleviate power shortages in northwest China's power grid.

Zou called on local officials to concentrate on developing local resources with market potential to expand the local economy, and pay more attention to developing the ethnic minority economy, to guarantee prosperity and political stability in this remote province, especially in areas inhabited by ethnic groups.

According to Zou, the central government will give central-western areas more attention and more preferential treatment for construction projects and funds while continuing to promote economic development in the eastern coastal areas.

The vice-premier also called for a detailed study of economic development and a thorough consideration of economic plans for different stages and plans for a new period.

While stressing the importance of studying market demands in developing the economy for central-western parts of the country, the vice-premier suggested that Qinghai make a great effort in farming and animal husbandry to become self-sufficient in food supply, and to exploit local tourism resources with ethnic features.

#### **Report Views Country's Ability To Develop**

HK2908073395 Beijing GUANGMING RIBAO  
in Chinese 1 Jun 95 p 4

[Report by reporter Li Lusha (0491 6424 3097): "Report No. 4 on National Conditions Believes China Already Possesses Main Conditions for Economic Takeoff"]

[FBIS Translated Text] It is possible for China to reach the development level of the economy and society of advanced countries by the end of the 21st Century. This was put forward by the Analysis and Research Group on National Conditions of the Chinese Academy of Sciences in its recently completed Research Report No. 4 on National Conditions named, "Opportunities and Challenges — Research on the Economic Development Goals and the Basic Development Strategies for China as It Heads Into the 21st Century."

Based on a computation model, the research report suggested that China will go through three development phases to realize socialist modernization in the 21st

**Century:** In the first stage, between 2020 and 2030, total economic volume will attain the number one position in the world; in the second stage, between 2040 and 2050, important indices such as GNP will reach the same level as that of developed countries at the end of the 20th Century; in the third stage, by the end of the 21st Century, various aspects such as per capita economic indices and per capita social development levels will reach those of developed countries of the same period.

The research report suggests and estimates that the annual average growth rate of the GDP between 1990 and 2050 will be 9.3 percent in the first 10 years, 8 percent between 2000 and 2010, and 7 percent between 2010 and 2020. With the enlargement of economic scale, the annual average growth rate will tend to fall gradually.

The report holds that although China already possesses the main conditions for its economy to take off, it must pay attention to such phenomena as excessively rapid development of the economy, over-heating of the economy, over-extension of investment scale, and excessive inflation. In the meantime China should also adopt the strategy of proper high-speed development.

**'Global Bookstore' Opens; Official Comments**

*OW2908054495 Beijing XINHUA in English*  
*0505 GMT 29 Aug 95*

[FBIS Transcribed Text] Beijing, August 29 (XINHUA) — The Global Bookstore, the first bookstore dealing exclusively with sales of China's publications in foreign languages among those affiliated to the Foreign Languages Publishing and Distribution Administration (FLPDA), opened to customers this morning.

Yang Zhengquan, director of the FLPDA, told a conference that the opening of the Global Bookstore is in line with the open policy and will promote cultural exchanges with foreign countries.

The bookstore has in stock more than 4,000 publications in nearly 20 languages.

With foreigners and overseas Chinese as the main customers, the Global Bookstore takes the introduction of the achievements of China's economic construction and traditional Chinese culture as its major goal.

In the bookstore readers can obtain not only the works of Chinese leaders, but also books on China's politics, economy, culture, traditional Chinese medicine and Chinese literature, in Chinese and in foreign languages.

Moreover, the bookstore will make direct contact with major publishers overseas to exchange publications.

The cream of foreign literature is also available in the bookstore.

**Anhui Province Site of Truck Chassis Factory**

*OW2908033195 Beijing XINHUA in English*  
*0254 GMT 29 Aug 95*

[FBIS Transcribed Text] Beijing, August 29 (XINHUA) — The First Automobile Works (FAW), the biggest vehicle manufacturer in China, has set up a light-truck chassis assembly factory in Wuhu, in East China's Anhui Province.

According to the latest edition of the "CHINA AUTOMOTIVE NEWS", the factory is considered an affiliate vehicle production base in south China of the FAW, which is located in northeast China's Jilin Province.

Covering a total area of 274000 sq km, the factory has 470 million yuan in investment.

Apart from the FAW, the China Chang Jiang Electric Company and the Wuhu Economic and Technology Development Zone are also major investors.

The factory has a total annual production capacity of 60,000 chassis for 12 varieties of light trucks.

It is learned that first-rate facilities and techniques used in the factory were imported from Japan, the United States, Germany, South Korea and Russia.

**Guangdong Develops 2 Industrial Corridors**

*OW2908072395 Beijing XINHUA in English*  
*0658 GMT 29 Aug 95*

[FBIS Transcribed Text] Guangzhou, August 29 (XINHUA) — Two industrial corridors in the Pearl River Delta have become important industrial bases in south China's economically developed Guangdong Province.

The western industrial corridor starts in this capital of the province, runs through Foshan, Shunde, Jiangmen and Zhongshan, and ends in Zhuhai; the eastern one starts in Guangzhou as well, and then runs through Dongguan and Huizhou, and ends in Shenzhen, China's first special economic zone.

The Guangzhou-Foshan Expressway and Guangzhou-Zhuhai High-Grade Highway join up the cities in the western industrial corridor, and the Guangzhou-Shenzhen Semi-Express Railway and Guangzhou-Shenzhen Expressway connect the cities of the eastern industrial corridor.

With developed infrastructure facilities, the two industrial corridors enjoy bright prospects for development.



Shenzhen and Zhuhai have large airports and are building large harbors as well. A number of cities are building large water and power supply and large-capacity telecommunications projects so as to lay a solid foundation for the future development of these two industrial corridors.

To date, an industrial structure encompassing home appliances, bio-engineering, photo-electricity, electronics, textiles, pharmaceuticals and telecommunications equipment has taken shape in these two industrial corridors.

Their total industrial output value stood at 230 billion yuan (about 27.38 billion US dollars) in 1994, accounting for one third of the gross industrial output value of the province for the year.

**Commentator Views Advantages of State Firms**  
*HK2908043595 Beijing JINGJI RIBAO in Chinese*  
24 Jul 95 pp 1, 3

[Article by Special Commentator Feng Ping (7458 1627): "How To Understand and Make the Most of State Enterprises"]

[FBIS Translated Text] In 1993 there were about 1.95 million registered state enterprises in China. The figure rose to 2.2 million in 1994. This included 1.44 million large and medium-sized state enterprises which formed the mainstay of the national economy and the main source of state revenue. In 1979, the output value of large and medium-sized industrial state enterprises accounted for 77.6 percent of the total value of industrial production. Although this percentage has been steadily declining since the introduction of reform, it still stands at 48.4 percent. The profits and taxes they produce account for about 70 percent of the total, and the profits and taxes they hand over to the state account for more than 70 percent of the total. State enterprises also account for more than 40 percent of total retail sales.

Although state enterprises have continued to make great contributions in recent years, their economic performance is relatively poor. This has given rise to different arguments about state enterprises.

### I. Several "Signals"

The first "signal" is: In comparison with township enterprises and foreign-invested enterprises, the growth rate of state enterprises is much lower. In 1994, for instance, state enterprises registered a growth rate of 5.6 percent (or 6.8 percent if state holding enterprises are included) as opposed to 21.4 percent for collective enterprises and 28 percent for foreign-invested enterprises. This has led some comrades to come to the conclusion that economic development needs to be pushed by the nonstate sector.

The second "signal" is: Not much improvement has been made in the situation where many state enterprises are sustaining great losses. State enterprises in the red has become a topic that refuses to go away.

The third "signal" is: Enterprises have a high rate of debt. Statistics show that in the 150,000 state enterprises audited in early 1995, the average rate of debt was 74 percent, with enterprise owners only holding 26 percent of assets. A high rate of debt inevitably means high interest payments. In 1994, enterprises paid 148.77 billion yuan in interest payments. These, together with funds tied down by finished products and amounts owed by other enterprises, total about 1,000 billion yuan. These have made the going extremely rough for enterprises.

### II. How To Handle These Signals

How should these signals be handled? Are they indications that state enterprises are on a downward spiral? To these questions, the conclusion and judgment differ according to our perspective and angle of analysis.

When we judge the vitality and trend of development, we must first look at the overall situation. In terms of changes in the total net assets of state enterprises, the average growth rate was 7 percent during the Sixth Five-Year Plan period, 14 percent during the Seventh Five-Year Plan period, and 18 percent after 1988. Specifically, operational state-owned assets were worth 545.79 billion yuan in 1985 and 3.495 trillion yuan in 1993, a growth of nearly sixfold over eight years. The strength of the state sector has expanded rather than shrunk.

When we look at the performance of enterprises, we must look at the backbone enterprises. Take the 14,400 large and medium-sized state enterprises which form the backbone of the economy, for instance. Although they only account for about 4 percent of the total number of industrial enterprises with independent accounting systems, they own 62 percent of total state-owned assets. Their output value accounts for 44 percent of the country's total, and the profits and taxes they produce account for 59 percent of the total. The majority of them are lively, especially the 500 super large ones. Although these 500 enterprise only make up 0.75 percent of the total number of state enterprises, their assets account for 37 percent, their sales tax accounts for 46 percent, and their profits account for 63 percent of the total. These "crucial few" are the core force of state enterprises. They are of decisive importance to the future of the state sector, even the national economy as a whole. The medium-sized and small enterprises which make up the absolute majority but are insignificant in size and overall

quality cannot represent the overall situation of state enterprises.

In fact, it is wrong to compare large and medium-sized state enterprises with the small ones, whether in terms of growth rate, size of losses, or rate of debt. In 1994, when state-owned industrial enterprises registered a growth rate of 5.6 percent, large and medium-sized state enterprises achieved growth of over 12 percent. When the rate of debt of enterprises actually reached 83 percent, and exceeded 100 percent in medium-sized and small local enterprises, the rate for central enterprises was only 68 percent, close to the level of liability management in enterprises overseas. As to losses, with the exception of those which sustain losses due to drastic changes in the market or in trade factors, the overwhelming majority of large and medium-sized state enterprises are steadily making money.

The situation in recent years shows that the majority of enterprises in the red are medium-sized and small enterprises with obsolete technology and poor management. They are large in number, but their influence is small, with their output value accounting for less than 10 percent of industrial added value. In China as in other parts of the world, small enterprises face the problem of frequent fluctuations and poor adaptability to market changes. They stand a higher chance of sustaining losses or going bankrupt and need constant readjustment, whether active or passive. However, we have never established a mechanism for the supersession of the old by the new and for fostering the excellent and scrapping the obsolete in our development of enterprises. Many of the poorly-run enterprises have long ceased to exist except in name. The overall scale of losses incurred by enterprises is over 34 percent, which is not only within expectation but is better than expected.

Insofar as the profit and loss situation of enterprises is concerned, it has been roughly estimated that 30 percent are truly lively, 20 percent have long been in the red and have no hope of improvement through renovation, while the remaining 50 percent are somewhere in between. The performance of this 50 percent of enterprises depends on their degree of restructuring and adaptability to market changes, and fluctuation is to be expected. If we leave out the nearly 20 percent of enterprises that really have no hope of returning to the black, the percentage of deficit is close to normal, or is within a predictable range of fluctuation.

The increase in the scale of losses incurred by state enterprises in recent years is, in the final analysis, the manifestation of contradictions built up over the years. Much of the increase in the scale of loss after the intro-

duction of reforms is due to measures to bring hidden losses into the open, and is a phenomenon during the switch-over from one system to another. Even after restructuring measures have been basically implemented, it is wrong to place unrealistic hopes on the chance of cutting losses or to think that state enterprises will not or cannot go in the red. Losses may be due to obstacles in the system, market fluctuations, and management. They may also be due to obsolete technology, backward products, and other more complicated reasons. How else can you explain the collapse of the Barings Bank and the merger and acquisition of many of the well-known enterprises in the West? On the whole, profits and losses are the results of market competition, and the survival of the efficient and the elimination of the inefficient are natural reflections of these results. We should not be afraid to see enterprises running at a loss in a competitive environment. What we should fear is not to be able to promptly readjust existing production elements and see these turn into burdens of society rather than social wealth. We should see that losses have nothing to do with the nature of enterprises. State enterprises may be running at a loss when products are not competitive or when market conditions have changed.

### III. Comparable and Not Comparable

In management, there is comparability between all types of enterprises. For example, we can compare their contributions to society in terms of profits and taxes and the number of jobs they provide. However, there is also actual incomparability between them. For example, we cannot compare production enterprises with circulation enterprises, basic industries with processing industries, and secondary industry with tertiary industry. Since there is comparability, it is necessary to appraise enterprises on the basis of comprehensive economic performance targets. Since there is incomparability, it is necessary to rely on relevant economic policy levers, such as the policy of giving selected industries preferential treatment and differential tax rates, to protect balanced development of the economy.

State enterprises must recognize that economic performance is not always satisfactory and that further efforts to tap potential are needed. On the other hand, we must also see that as the dominant force of the national economy and the economic foundation of socialism, state enterprises and indeed the state sector obviously cannot be compared with other enterprises, whether in theory or in practice. There must be different standards for appraising their achievements and contributions.

First, state enterprises and other types of enterprises have different "growing rings" and different historical burdens, and are faced with different internal and

external constraints and problems. For example, old debts are accumulated over the years and cannot be eliminated overnight. The 20 million-plus redundant personnel in enterprises produced by over-employment during the period of the planned economy also will not disappear all at once. Enterprises have the tradition of providing social welfare for their retired personnel, who account for over 22 percent of the total number of personnel, and this tradition needs to be changed through a variety of means.

Second, the social nature of state enterprises determines that their social functions and influence on the overall economic performance of society are different from others. To begin with, the state sector of the economy mainly covers the pillar industries, infrastructure, and public welfare. Some are making money, but not all have money-making as their only aim. Their opportunity cost in competition is high, and their aim of investment is not entirely the same as that of other types of enterprises. They cannot be evaluated solely on the basis of economic or even profit targets. What is more, state enterprises must bring along the common development of other economic sectors and form the mainstay of the national economy. As the mainstay, the pressure on them is great. They not only have to shoulder market pressures, but have to serve as carriers for providing guidance by state industries to state policies.

Third, although we will first expect state enterprises, as the mainstay of the market, to be commodity producers and operators and to focus their efforts on achieving their economic targets, the basic requirements and nature of the public ownership system dictate that they also serve as economic and social stabilizers and must sometimes sacrifice their partial interests for overall interests. In the past, such sacrifices were so great that they became unreasonable and made it impossible for state enterprises to develop. However, this does not mean that in future they should put themselves entirely on a par with the nonstate economy.

Fourth, for the duration of the switchover of economic systems at least, the framework for macro-control is being perfected, and there will be some time before we can achieve effective management and operation in social production, circulation, and distribution in complete accordance with market rules and the laws and regulations of macro-control. Thus, state enterprises, particularly the large and medium-sized ones, must still shoulder considerable social responsibilities and corresponding social functions in such areas as macro-control, social assurance, and market development. This is something other enterprises cannot do in comparison. More responsibility means having to give more. Such giving will sometimes eat up part of their benefits.

Under current circumstances, the improvement of the performance of state enterprises is conditioned by the overall aim of society. In the long term, they will continue to shoulder reasonable social responsibilities and obligations different from those of other types of enterprises. Thus, no matter how we look at it, we cannot place uniform and unrealistically high demands on the performance indexes of state enterprises, still less can we depart from the progressive mode of reform and the realistic process of building socialism and apply a common standard for a unique business and economic entity. In fact, state enterprises and the state sector occupy a dominant position in the national economy. This is not only reflected in quantitative and qualitative terms and in corresponding economic indicators, but is also reflected in their great impact on the national economy and on people's livelihood, in their role in supporting and promoting the development of other economic sectors, and in major issues such as industrial balance, regional balance, the effective exploitation and utilization of resources, and reasonable distribution in society. State enterprises and the state sector constitute the economic foundation of socialism. They are also the mainstay in the sustained, rapid, and healthy development of the national economy, as well as material means of decisive importance to the maintenance of social stability and the realization of social justice and common prosperity. Casually drawing the conclusion that economic growth is mainly pushed by the nonstate sector is not only wrong in quantitative concept, but has no ground for comparison.

#### **IV. Only by Clearly Recognizing the Situation Can We Bring Our Advantages Into Play**

No assessment should be confined to facts as they are. Rather, we should see the position of different groups of enterprises and their role. What is the position of state enterprises and the state sector of the economy? Are they actually in a dominant position? Do they have advantages? The conclusion should be: State enterprises and the state sector not only are in a dominant and advantageous position, but enjoy great advantages. The thing is, enjoying advantages is one thing, how to bring these advantages into play is something else. We carry out enterprise reform on the precondition of ensuring the dominant position of the state sector precisely because we want to better consolidate and develop the dominant position of the state sector, tap and bring into play the superiority of socialist state enterprises, and further liberate their productive forces.

The following basic principle of Marxism still holds true: Socialist public ownership can fundamentally resolve the sharp contradiction between private ownership



of the means of production and socialized mass production which cannot be overcome under the capitalist system of private ownership. A strong state sector not only provides an overall material foundation for social and economic development and provides the economic precondition for social stability and the gradual achievement of common prosperity, but provides the possibility for active structural readjustment through the positive transformation of the value and material forms of state assets. It also provides more room for the upgrading of industries and the renewal of products as well as favorable conditions for achieving greater economies of scale. The question is, under the old planned system, the state sector basically controlled all industries, and this advantage could not be fully brought into play due to obstacles erected by the rigid system and structure. What was more, the advantage was turned into a "disadvantage" because the government had to bear unlimited responsibilities. Thus, it is a gross distortion of the essence of the matter to draw the conclusion on the basis of bits of impression that state enterprises are not as good as other enterprises, or even to pin our hopes on "privatization," before we have truly recognized the advantage, or before the advantage has been fully restored.

It is a well acknowledged fact that state enterprises have accumulated many technical resources and human resources. As things now stand, many successful enterprises have fully brought this advantage into play. However, technological advances and the utilization of human resources both require efforts to bring the enthusiasm of laborers into play. This should be an important starting point in structural reform. The establishment of the public ownership system and the development of the state sector of the economy are essentially closely linked with the power and interests of all laborers. This link is not an abstract one. It has to be achieved through a scientific and rational structure and system, and needs the guarantee of a strong material base. In this sense, making a success of state enterprises and the state sector of the economy is the means as well as the end, and finds concentrated expression in the overall aim of building socialism. Under this overall aim, state enterprises should bring their advantages into play through continuous efforts to eliminate the obstacles of the old system and to arouse the enthusiasm of laborers. This is the dialectical method of restoring the advantage which has been turned into a disadvantage.

Making a success of state enterprises has now become the most important task for the whole party and the whole country. Making a breakthrough in ideology has also approached a critical point in every respect. Many comrades put forward their ideas on the basis of sum-

ming up past experiences. There are two main approaches. The first approach is to concentrate on improving the state sector as a whole and invigorating state enterprises within a larger radius. The second approach is to concentrate on a few key enterprises and give prominence to the crucial few. The two approaches should be closely integrated. Concentrating on improving the state sector as a whole does not mean we should pay no attention to the operations of individual enterprises. Promoting structural readjustment on the whole, making flexible use of existing state assets, and increasing the intensity of the readjustment of large, medium-sized, and small enterprises will help us bring the overall advantage into play and stimulate enthusiasm on all levels. By "grasping the crucial few" and grasping actual advantages, we will not only be able to protect and develop the actual productive forces of the state sector but will help bring into play the dominant role of large and medium-sized enterprises in reform and development, grasp the rational distribution of industries in the state sector, and maintain the stable role of state enterprises in terms of the quantity and quality of industries. In economic development, large enterprises and medium-sized and small enterprises are interdependent. Focusing our attention on the overall situation, grasping the key areas, and achieving the organic integration of reform strategies and tactics in the course of separate guidance is a correct approach.

#### V. The Key to Improving Performance Lies in the Transformation of an "Extensive" Form of Economy Into an "Intensive" Form of Economy

The transformation of the advantages of state enterprises into "disadvantages" also finds important expression in the fact that what could have become an intensive form of economy actually ended up in the vicious cycle of an extensive form of economy. This is the real problem confronting state enterprises. In 1994, the comprehensive economic performance indicator of state enterprises was 0.39 percentage points higher than the 1993 figure, but the economy remained in a speed-oriented mode, with a low ratio between production and marketing, excessive inventories, and mutual defaults of payments among the prominent problems. The important thing is, this situation appears not only on the microeconomic level but also on the macroeconomic level in the form of recurring investment inflation and economic overheating. In a sense, macroeconomic problems are more important on this question than microeconomic problems. In other words, investment inflation has been a problem ever since the time of the planned economy, which had found expression in the "great leap forward," "Western leap forward" [yang yue jin 3152 6460 6651], and the major readjustments after the leaps forward. However,

this does not mean that the allocation of resources by market forces will not lead to inflation and overheating. The market mechanism itself has its spontaneous pitfalls. In the West, this is manifested as the "bubble economy" and major cyclical fluctuations which include economic crises. What merits attention is that in the present period of switch-over from the old system to the new — when the influence of the planned economy has not yet been eliminated, the allocation of resources by market forces is still not perfected under the system of macro-control, and market rules and regulations have not been effectively melded in — economic operation characterized by the compounding of disadvantages rather than the integration of advantages is likely to appear, thereby pushing investment inflation to another malicious form of development. This is the biggest danger of the economy at a time of switch-over between systems. The solution lies neither in back-tracking nor in letting things take their own course or submitting to arrangements made by others, but in quickening the reform aimed at improving the macro-control system, particularly the reform of the planned investment system, as well as in continuously improving industrial policies. Only by strengthening the internal management of enterprises and deepening the internal reform of enterprises while truly solving problems on the macroeconomic level will we be able to truly improve the quality of the operation of the state sector and improve the economic performance of state enterprises. In the operation of the state sector and state enterprises, a possible advantage exists in the optimization of resource allocation. The important thing lies in how well we can protect and make use of this advantage and not lose this advantage through the extension of results.

#### **Steel Firm To Focus on 'Efficiency,' 'Quality'**

OW2908052895 Beijing XINHUA in English  
0449 GMT 29 Aug 95

[FBIS Transcribed Text] Beijing, August 29 (XINHUA) — The Shougang Iron and Steel Corporation here, one of China's leading iron and steel giants, pays attention not only to promoting output but also to economic efficiency and quality of economic growth.

By the end of 1994 the company had overstocked 1.0735 million tons of various kinds of steel products, with idle funds reaching 1.2 billion yuan (about 144 million US dollars).

Economic efficiency has become the focus of the steel giant since Bi Qun was appointed chairman of its board of directors in mid-February this year.

The steel production plan for 1995 was adjusted according to the market demand. Meanwhile it developed a series of market-oriented new products.

Statistics show that by the end of June the company had cut its stockpile of steel products by 61.7 percent over the end of 1994, getting rid of 662,700 tons of overstocked steel products.

From January to June this year its production and marketing rate reached 103.94 percent, an increase of 12 percent over the end of 1994.

#### **Chemical Fiber Plant Begins Work on Project**

OW2808163195 Beijing XINHUA in English  
1601 GMT 28 Aug 95

[FBIS Transcribed Text] Nanjing, August 28 (XINHUA) — A project to produce 250,000 tons of PTA [expansion unknown] annually began operation today at Yizheng Chemical Fiber Co. Ltd., one of China's biggest chemical fiber manufacturers.

As part of the third-phase construction for the company, the project is a major national construction project during the Eighth Five-Year Plan period (1991-1995), involving total investment of 1.78 billion yuan, with the goal of alleviating raw materials shortages of chemical fibers in China.

The project used technology from Amoco for chief units, as well as equipment from Italy, and used the TDC-3000 control system which is the most advanced in the world.

The project will ease the chronic shortages of chief raw materials, improve competitiveness of its products by cutting costs, expand the company's production scale and increase its profits.

Yizheng Chemical Fiber's third-phase of construction consists of three major projects: a 20,000-ton filament project, the 250,000-ton PTA project, and a 60,000-ton polyester project.

The filament project began operation last May, and the polyester one will begin within the year.

#### **Changes in Civil Aviation Market Examined**

HK2908072495 Beijing RENMIN RIBAO OVERSEAS  
EDITION in Chinese 22 Jul 95 p 2

[From the "Economic Hot Point" column, article by Bai Li (4101 7787): "Who Can Occupy China's 'Airspace?'" ]

[FBIS Translated Text] At the end of 1994, the International Air Transport Association optimistically announced a piece of statistical data: Taking 1994 as the

starting point, the international civil aviation industry has begun to enter a new stage of development. The focus of growth in the civil aviation industry will shift to the Asia-Pacific region, with China having a particular potential for growth.

In fact, a year prior to that three major international airline companies — Europe's Airbus Industrie and both Boeing and McDonnell Douglas of the United States — being sensitive to the market, had relocated their offices to China so as to help in doing business with China. As Ren Zhangduan [0117 4545 4551], manager of the Boeing China Company, said: China is extremely important, so you cannot do business with it from thousands of miles away.

### **The Future Market Is Irresistible**

China has become very important now because of its strong national economic growth, which has provided a rare opportunity and attracted prospects for companies from all countries. Entrepreneurs have a clear analysis of, and judgment on the future economic development of China and its market: Over the past 20 years, the average annual growth rate of China's gross national product has been 2.5 times that of North America and Europe. It is predicted that China will become the world's largest economic system in the next 20 years. Since the 1980's, China's civil aviation transportation industry has witnessed an annual import value for Western aircraft of more than \$2 billion. In 1993, its total traffic turnover was 5.1 billion tonnes/km, which is estimated to increase to 13.5 billion tonnes/km in 2000. The Boeing Company predicted that in the next 15 years, China will need 800 aircraft, and will become the world's third-largest aviation market next to the United States and Japan in 2010. To this, Boeing President Woodard [wu da de 0124 6671 1795] noted: Boeing Company will see China as the most important cooperation partner.

Luloff [lu lo fu 4151 6709 4395], president of Airbus China Company, viewed China's prospects in a longer term. He said: China's market is important if we consider the number of its airplanes in the next 10 years. Yet, if we look at the possible changes in the next 50 years, the potential here is boundless. This is only the beginning of China's development. For this reason, Airbus has been determined to fight it out with the Americans for the "sky" of China. As far as Airbus is concerned, it is certainly not easy because from the early 1970's to the mid-1980's, Boeing was very confident about controlling the civil aircraft market in China. As Woodard said: "China has seen an average of one 'Boeing' taking off per hour." McDonnell Douglas also has delivered some 40 airplanes to China since

1983, whereas Airbus did not start selling planes to China Eastern Airline until the late 1980's. By August 1994, China had purchased a total of 35 airbuses of different models. However, Luloff is still confident: With a unique edge, Airbus certainly will win the China market.

### **Expand Diverse Cooperation**

China no longer satisfies itself with previous cooperation in the purchase and sale of airplanes, even though it needs new aircraft. It calls for more opportunities to participate in manufacturing. In June 1992, the Civil Aviation Administration of China officially proposed to U.S. Boeing Company that China subcontract the project of Boeing aircraft production in the form of compensation trade. Since then, Boeing has constantly increased its input in China. Last year, Boeing signed a cooperative agreement with its cooperation partner, the Xian Aircraft Company, to produce Boeing 737 fuselages. This is not only an important breakthrough in subcontracting foreign projects in China's aviation industry, but is also the most complicated and difficult aircraft parts subcontract project with the highest unit price value.

As compensation trade, Airbus has two companies in China to produce components. However, Luloff added that rather than arranging for old technology and technique in cheaper localities, they currently are seeking ways of letting China participate in the new plan.

### **Infrastructural Facilities Are Indispensable Link**

With the rapid development of the aviation industry, China's infrastructural facilities and pilots are pending improvement. This is practically a consensus among the three companies. Thus, they have spent tens of millions of dollars on strengthening support for airline companies, and on improving training for pilots and technicians.

Last year, Boeing announced a series of moves in China including: Setting up a service center at Beijing Airport which is capable of storing 15,000 kinds of components and spare parts, transferring two 737 flight simulators to the China Civil Flight Academy in Chengdu, and setting up a service center storing 16,000 spare parts there. As early as January last year, Airbus also signed an agreement with the China Aviation Supplies Corporation under which they will establish the Beijing Service and Training Center in the Tianzhu Industrial Development Zone of the Beijing International Airport. This center will contain two flight simulators, components, spare parts, and other support facilities for repair. With the ceremony to mark the beginning of the project in early July this year drawing closer, the staff of Airbus China



Company are busy conducting preparatory work. Luloff said: "We will use this center to help all airline companies develop their capabilities. What our center does is provide choices for all companies to develop. They are complementary."

#### \*Reporting Group Views Inflation, Other Topics

##### Part One

95CE0359A Beijing JINGJI RIBAO in Chinese  
9 Mar 95 , p 2

[Article by Reporters Zhang Shuhong (1728 2562 4767) and Yan Kalin (7051 0595 2651): "Inflation: What are the Causes of the Glaring Problem?"]

[Text]Preface: *The leaders of the Party and the government as well as the National People's Congress Deputies and People's Political Consultative Conference members who attended the "two meetings" have spent the past few days carefully studying and discussing Premier Li Peng's "Government Work Report" which has become a top news topic of universal concern.*

*The "Government Work Report" repeatedly describes and emphasizes the issues of "advancing comprehensive rural economic development," "actively promoting the reform of state-owned enterprises," and "resolutely controlling the rate of price inflation." These are unquestionably the main tasks currently faced in reform and opening and in economic development. In order to expand our many readers' overall understanding of these issues and to further our readers' comprehension of the relevant spirit of the "Government Work Report," the "two meetings" reporting group of this paper has prepared a series of six articles under the column heading "Background Analysis of News on the Two Meetings." This article today is the first in that series.*

In his report to the Third Session of the Eighth National People's Congress, Premier Li Peng reported on new progress made in all aspects of work in China during the past year and also discussed the problems and difficulties in that progress which still remain. He said that the most glaring problem is the excessive rate of price inflation.

A look at the statistics alone shows that retail prices for the entire nation rose 21.7 percent last year. This is the highest degree of inflation since reform and opening began 16 years ago. Price inflation and currency inflation are the overall reflections of multiple economic contradictions. This is an issue which has frequently plagued China for many years. In comparison with other episodes of inflation, however, this instance has new characteristics and more complicated causes and is worth analyzing in greater depth.

There was one prominent characteristic to last year's price inflation. This was that the prices of commodities associated with "agriculture" jumped excessively, but the prices of industrial products did not rise much, and the prices of production materials were stable or even dropped. This was very different from the across-the-board price inflation of 1988. Another unique characteristic was that prices rose more in rural areas than in urban areas, and prices in interior areas rose more than those in coastal areas. This was also different from previous years.

At the same time, when prices hikes occurred, it was usually caused by excessive amounts of currency issued, over-extended credit, and excessively rapid growth in investment. In 1994, however, not only were currency and credit severely restricted but growth in fixed asset investments also declined by a wide margin. Why was currency inflation still so severe under these circumstances?

It should be said that the pace of price reforms in energy, transportation, and raw materials has been faster during the past few years. Price adjustments from 1990 to 1993 totalled about 200 billion yuan. At the same time, the prices of many products were decontrolled. In 1994, the prices of raw coal, crude oil, natural gas, processed oil, grain, and cotton were raised dramatically, with price adjustments totalling several tens of billions of yuan. All of these reform measures were necessary and served a positive function toward the establishment of a socialist market economy system, the rationalization of price relationships, the acceleration of the development of basic industry and, especially, the encouragement of a positive attitude among the peasants toward growing grain and cotton. At the same time, however, these measures also furthered inflation. Of these, the chain reaction impact created by grain price adjustments was the most prominent. This was unavoidable and was a price which had to be paid at some point during the process of reform. Price inflation in 1994, however, vastly exceeded the price adjustments.

According to statistics, the category with the highest price increases among commodity price increases in 1994 was foodstuffs, which accounted for about 13 percentage points in the overall retail price increase. Among the categories of foodstuffs, grain prices increased 48.7 percent, edible vegetable oil increased in price 64.1 percent, and the price of pork increased 41.6 percent. Prices in the agricultural product market spontaneously jumped by a margin which not only surpassed the degree of price adjustments but also surpassed world market prices. The reason for this was mainly that some areas are still overlooking agricultural production and, to varying degrees, have been lax in their work on "rice

sack" and "food basket" projects. The reckless encroachment upon tillable land by "development districts" and "real estate" and the problems of "plant less grain in coastal areas, plant fewer vegetables near the suburbs" have been especially glaring. This has further exposed conflicts which cause weakness in the agricultural base. In addition, some areas experienced severe drought and flood disasters last year. This impacted upon the production growth of several principle agricultural products and resulted in restricted supplies of some agricultural products. This also accelerated the rate of price inflation for foodstuffs.

In addition to this, in recent years China has successively decontrolled prices for a majority of commodities and services. The goal has been to allow these prices to be formed through competition and to sensitively reflect supply and demand relationships. However, although prices have been decontrolled, corresponding laws, regulations and management measures for market price behavior standards are clearly lagging behind. Some sectors have even adopted the attitude of "de-control and that's it." Thus a healthy competitive market environment and effective control mechanisms for creating prices are lacking. Chaotic price increases and fees added through monopolies, swindling, dumping, and discrimination are very common. These all serve to increase price inflation.

Of course, to bring up the fundamental cause, the extent of fixed asset investment currently under construction is still excessive. Although investments last year were controlled to a degree, the number of new construction projects decreased, and investment growth dropped, the problems of an excessive scope of projects currently under construction and of the not completely appropriate focus of investments have still not been fundamentally resolved. A view of annual investments shows growth for the year was about 28 percent which is basically within the normal scope, but the investment rate reached 38 percent which is clearly high. A view of the projects currently under construction shows that basic construction projects and remodeling projects currently under construction accounted for total planned investments of 2.4 trillion yuan, or 40.1 percent more than the same period during the previous year. If budget overrun factors are considered, total construction investment for the entire society for the year were as high as 4 trillion yuan. The excessive scope of investment tends to push prices higher.

In addition, according to bank statistics, total wage-type cash payments for the nation were 30.3 percent higher in 1993 than the previous year and grew over 40 percent in 1994. If various avenues of "gray income" are included, the growth rate is even higher. Incidents

of competition among units to raise salaries, reckless issuance of bonuses and supplements, and unauthorized increases in wage standards are quite common. Under conditions of currency inflation, all units compete to raise wages, but excessively rapid increases in wage costs propel currency inflation and create a spiral of increasing wages and prices.

A further look shows that the excessive rate of price inflation of 1994 is closely related to the investment fever which has continued for several successive years and the excessive amount of currency which this has put into circulation. Due to the rapid growth of investment, the annual growth in China's currency supply since 1990 has at least exceeded double the GNP for that year and in some years has exceeded six times the GNP. Excessive amounts of currency in circulation are eventually reflected in inflated prices. This is also a major reason for the leap in prices last year.

To address the inflation in prices and currency, the Party Central Committee and the State Council adopted several powerful measures beginning last year. These include controlling excessive expansion of society's aggregate demand, rectifying the circulation system, and implementing a nationwide inspection of prices. In September of last year, the State Council also held a conference by telephone and television. Premier Li Peng put forth ten measures to stabilize prices and suppress currency inflation. These all had an important effect. At the Central Economic Work Meeting held at the end of the year, the Central Committee also confirmed that controlling price inflation and suppressing currency inflation must be considered a major economic task and the primary mission of macroeconomic control for 1995. They also emphasized that China must not use currency inflation to stimulate or development the economy. The suppression of inflation is not only currently the crucial and urgent task of economic work but also an important policy direction which China must follow over the long term. At the same time, they also put forth appropriately tight fiscal and currency policies with a series of measures to strictly control excessive growth in basic construction investment and consumer funds, forcefully gain a grip on agricultural production, and rectify the circulation system. Economic circles widely agree that if the spirit of the Economic Working Committee is closely followed, currency inflation will certainly be checked.

#### Part Two

95CE0359B Beijing JINGJI RIBAO in Chinese  
10 Mar 95 p 2

[Article by Reporters Zhang Shuhong (1728 2562 4767) and Yan Kalin (7051 0595 2651): "Forcefully Control

**Inflation Rates: What are the Bases for Ensuring that Inflation will Subside?"]**

[Text] In his "Government Work Report," Premier Li Peng listed controlling price inflation as the primary mission of macroeconomic regulation and control for this year and as the key to managing the relationships among reform, development and stability. The goal which he put forth was to guarantee that the price inflation rate this year falls clearly below that for last year and to strive for a rate limited to about 15 percent.

An overall view shows that there are many conditions this year which are conducive to controlling price inflation. Currently all elements of society are in greater agreement on the dangers of inflation and the need to strengthen the management and control of prices within the conditions of a market economy. At the same time, local governments everywhere have adopted active measures to stabilize prices and have achieved some preliminary success. Most of the inflation control measures which emerged during the latter half of last year have a lag time, and it is estimated that they will begin to demonstrate some effectiveness during the first half of this year. The major price adjustments last year for agricultural products, along with the widespread increase in emphasis on agriculture by various parties and the increase in investment on agriculture will effectively advance agricultural development and improve the supply situation for agricultural products. The emphasis in reform this year is on state-owned enterprises. This reform clearly will not have the same impact on prices which last year's sets of macroeconomic reforms did. This will not further price inflation. On the contrary, it will be conducive to raising the absorption capacity for increased costs and effective supply capacity. Generally, it will be conducive to suppressing price inflation. The general masses' comprehension of commodities and of savings and insurance and ability to adapt to a market economy have clearly been strengthened. They have a stable consumption mentality and consumer behavior tends to be more rational. This will also have a positive impact upon stabilizing prices this year.

However, we also face some new contradictions and problems. One is that the currency inflation pressure which has built up over the past few years is still very high. The excessive amounts of currency which have been issued for several years have still not been absorbed. The restriction mechanisms and regulation and control methods for fixed asset investment and consumer funds are still quite incomplete. These may still drive demand inflation and price inflation. The second is that the major jump in prices last year has quite a large impact upon the consumer price index for this year. The third is that the expectations

which demand rapid economic development are still quite strong everywhere. This increases the difficulty of suppressing inflation. The fourth is that calls for price adjustments are strong everywhere, and every place has some price contradictions which urgently await resolution. The fifth is that price regulation and control methods are still relatively weak, and the regulation and control system is still not complete. The management of markets to control prices is still especially lacking. Sixth is that certain principle agricultural products are still in somewhat short supply. There are still certain shortages in products such as grains, cotton, oil, and meat which are directly related to the basic lives of the masses. International market prices are also rising. These all make it more difficult to stabilize foodstuff prices.

Thus it appears that there are both advantageous and disadvantageous factors in the price environment in 1995. Controlling price inflation will still be quite difficult and the task is quite momentous.

To truly decrease the price inflation rate, a firm grip must be taken to the following tasks:

We must vigorously develop agricultural production and carry out macroeconomic regulation and control measures. Appropriately strict fiscal and currency policies must be implemented, and the ten measures which Premier Li Peng emphasized during the telephone and television conference must be carried out conscientiously and completely. We must especially strengthen the management of fixed asset investment and consumer funds and strive to increase production of principle agricultural products to increase effective supply and turn around the situation where products associated with the word "agriculture" are driving price inflation in the entire market.

We must further advance reform of the circulation system. The various circulation reform measures which are already in effect must be carried out, strengthened, and perfected to rectify the circulation system and guarantee the basic stability of prices of grains, cotton, pork, vegetables, and chemical fertilizers and other important commodities. The role of state-owned commerce and supply and marketing cooperatives must be brought fully into play as the main avenue for important commodities related to the national economy and the people's livelihood so that the state may take a firm grip on the supply of principle commodities and adjust supply and demand according to economic rules.

We must establish and perfect price regulation and control methods. We must study how to use more comprehensive economic and legal methods to implement effective and appropriate regulation and control, with



an emphasis on decontrolled commodity prices regulated by the market. The price adjustment fund system and principle commodity and materials reserve system which have already been preliminarily created must be further strengthened and perfected.

We must perfect the various price management systems and measures. We must resolutely implement the various important commodity and fee price regulation record systems and price monitoring systems which have already been established. We must strictly follow State Council regulations on controlling fee items and fee standards and strengthen the management of administrative license fees.

We must continue to expand the strength of price oversight and inspection and conscientiously keep a firm grasp on market price inspection focussed on "food baskets" and "rice sacks." Great efforts must be made to maintain stability in the prices of the people's basic living necessities, conspicuous attention must be paid to the inspection of agricultural production materials prices, particularly chemical fertilizer, and agriculture-related fees, to lighten the burdens of the peasants and support agricultural production development. At the same time, we must concentrate our efforts to organize nationwide industry inspections and special item inspections of selected monopolistic industries and products or items which have a greater impact on price hikes and which have provoked a greater reaction among the masses. We must make great efforts on publicity and oversight work to coordinate with the promulgated laws and regulations to counter exorbitant profits. We must continue to implement listed price marking systems and resolutely attack price monopolistic, swindling, or exorbitant profit seeking actions.

One can believe that if everyone strives together, on the basis of a unified understanding, to get a firm grasp on the implementation of these measures, then we will certainly bring the runaway horse of inflation under control.

### Finance & Banking

#### PBOC Official on Financial Sector Reform

HK2908073695 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 21 Jun 95 p 2

[Dispatch from Chengdu by reporter Dai Lan (2071 1526): "Financial Reform in China Has Entered a New Stage"]

[FBIS Translated Text] At the recently held Chengdu International Seminar on the 1995 Financial Reform and Opening Up in Southwestern China, a person in charge of the People's Bank of China [PBOC] elaborated

his thoughts on the development of China's financial industry from this year onward: "Continue to perfect and strengthen policies and measures already introduced, accelerate the reform of state commercial banks, and deepen reform of the financial system."

This person said that since reform and opening up, great changes have taken place in China's financial system. In recent years, while major reforms on financial taxation, foreign trade, investment, prices, and circulating system have been conducted, a series of major reform measures on finance and foreign exchange system have also been introduced, leading the financial reform to enter a stage of comprehensive advance and in-depth development.

Speaking of the focus of work from this year onwards, he said:

— To further perfect the Central Bank's regulatory and control mechanism, the People's Bank of China will speed up the change of functions in accordance with the "Law on the People's Bank of China" so that the formulation of monetary policy will be more scientific and rational, the Central Bank's independence and effectiveness in carrying out the monetary policy and in exercising financial supervision can be strengthened, and a macroeconomic regulation and control system based on indirect means such as Central Bank relending, interest rates, exchange rates, deposited reserves, treasury bonds, and the operation of an open foreign exchange market can be established.

— Reform of state commercial banks will be conducted comprehensively. The rational organizational form and internal organizational structure of four major state commercial banks will be actively studied. We must continue to perfect the asset liability ratio management system and the risks management system, study the relations between banks and enterprises suited to China's conditions, adopt effective measures to improve banks' assets quality, set up shareholding commercial banks for urban cooperation in a planned and step-by-step manner, and establish and develop a large group of national and regional commercial banks.

— The operational mechanism of banks established for policy considerations will be perfected. National development banks should concentrate efforts on ensuring that loans and capital for major construction will be in place in a timely manner; imports and exports banks should use funds to support such policy-related businesses as the exports of the country's large and medium mechanical and electrical equipment and the imports of its urgently required major equipment; and China's agricultural development banks should form a closed capital management system to ensure that agricultural loans are put in place.

— Financial markets will be developed and perfected, monetary markets will be further perfected, and the effective use of banks' capital will be improved. Foreign exchange and foreign bond markets will be perfected and the monitoring and management of the outflow and inflow of capital will be strengthened. Foreign capital and foreign bonds will also be strictly controlled.

— The insurance market will be developed and perfected by following the principle of separating the operation of commercial insurance from that of social insurance, the operation of risks from that of insurance against loss, and separating the functions of government from those of enterprises.

#### **Contracts Signed for Education Loans**

*OW2908091395 Beijing XINHUA in English*  
0847 GMT 29 Aug 95

[FBIS Transcribed Text] Shenyang, August 25 (XINHUA) — To date, China has signed contracts with World Bank for loans totalling 1.3 billion US dollars for 13 educational development projects.

The loans have helped make up the financial insufficiency of China's education budget, and accelerated the development of educational undertakings.

The Chinese government will provide three billion yuan (about 357 million US dollars) to guarantee the smooth running of the projects.

According to the State Education Commission, many colleges and universities, affiliated to the ministries of the State Council, have utilized 960 million yuan to upgrade their teaching and scientific research facilities, while about 60 local ones have received a total of 120 million yuan of loans.

Also, most of the 6,000 people sent abroad to study have returned home and contributed a lot to the country's scientific research and enterprise management.

Nine radio and television universities have been granted 85 million US dollars to improve their teaching and attract more students.

The six projects implemented also include middle-school and technical school teachers' training programs involving 50 million US dollars each, and 100 million US dollars for other teachers' programs.

#### **Foreign Trade & Investment**

##### **Ningbo Selected as Site for New U.S. Plant**

*OW2808233495 Beijing XINHUA in English*  
2216 GMT 28 Aug 95

[FBIS Transcribed Text] New York, August 28 (XINHUA) — U.S. packaging products maker Ball Corpo-

ration announced today it is building a new plant to manufacture food cans and ends in Ningbo, a coastal city in eastern China.

The plant will produce welded food cans and ends of various sizes for vegetables, vegetable drinks and fruit customers. It is a joint venture between FTB Packaging, which is a Ball majority owned company in Hong Kong, and Chinese partners.

The Ningbo plant, Ball's seventh in China, is the company's first involvement in a Chinese plant solely for the production of steel food cans.

"We believe there is considerable growth potential for food cans in China and in many other parts of the world," said William Lincoln, executive vice president of Ball's International Packaging Operations.

Ball is already a leading supplier of aluminum beverage cans in China. Construction has begun on the Ningbo plant, and production is scheduled to begin in early 1996.

Ball Corporation produces rigid packaging products for food and beverages and provides aerospace and other technology products and services to government and commercial customers.

##### **Shanghai Plant Begins Making Passenger Planes**

*OW2808170895 Beijing XINHUA in English*  
1703 GMT 28 Aug 95

[FBIS Transcribed Text] Shanghai, August 28 (XINHUA) — The manufacture of MD90-30 passenger planes started today in Shanghai Aircraft Manufacturing Plant (SAMP) in this China's biggest economic center.

It signals the beginning of a new round of co-operation between China and the U.S.-based McDonnell-Douglas Aircraft Corporation, one of the three major aircraft manufacturers in the world.

According to the agreement signed by the two sides, China is to produce 20 MD90-30 planes in the next five years, and the first plane will start service in April of 1998.

MD90-30s are a new generation of passenger planes designed by McDonnell-Douglas with technical standards of the 1990s. Equipped with the most advanced V2500 engines, its thrust is much enhanced, while its oil consumption, noise and pollution are greatly reduced. The plane is more comfortable to take than other planes of the MD series.

As an important starting line for China Aviation Industry's (CAI) plan to manufacture the country's own 100-seat jetliners, China's work load has been increased

compared with former co-operative projects, with the localization rate at 70 percent.

Four major aircraft manufacturing companies under CAI in Shanghai, Xian, Shenyang and Chengdu will share the production of the fuselage, wing, head and tail sections of the 20 planes. As the chief manufacturer, SAMP will be responsible for the final assembly and the trial flight of the planes.

The co-operation between Shanghai's air industry and McDonnell-Douglas started in 1985, with the first MD-82 going into service in July of 1987, and 35 MD-82s and MD-83s having seen service on China Eastern Airlines flights, and on United Airlines, as well as other airlines.

Experts say that sophisticated technical and engineering staff members trained during past co-operative projects will ensure that China do a good job.

**Guangdong Using Foreign Funds for Forestry**

*OW2908034095 Beijing XINHUA in English*  
*0250 GMT 29 Aug 95*

[FBIS Transcribed Text] Guangzhou, August 29 (XINHUA) — Guangdong Province in south China has drawn a total of 430 million US dollars which funded afforestation on 487,300 ha.

Forestry has become a fast-growing sector in the province with the utilization of overseas funds, which came mainly from Indonesia, Japan, Thailand and Hong Kong.

In an overseas fund-raising fair held by the province in Hong Kong in May this year, the forestry sector alone signed contracts worth 1.45 billion U.S. dollars, which accounted for 29.6 percent of the total funds for agriculture. And 33 forestry projects signed at the meeting drew a respective foreign investment of over 3 million U.S. dollars each.

Instead of investing only in the processing of forest products as was the case in the past, lots of foreign capital have been utilized in establishing fast-growing forest bases.

A Hong Kong company set up a solely-funded enterprise in Taishan city of the province in 1993 with an investment of 13 million U.S. dollars. To date, the enterprise has created an eucalyptus forest of 5,333 ha.

And a Thai financial group established a exclusively-owned forest and paper mill in Shanwei city, which has developed into the largest one in the province. The Thai enterprise plans to put in 112 million U.S. dollars to build a fast-growing eucalyptus forest of 28,700 ha.

In addition, the enterprise will invest 100 million U.S. dollars in building a wood pulp mill, a paper mill and a wood chip mill.

**Second Phase of Hainan Gas Field Approved**

*OW2808145095 Beijing XINHUA in English*  
*1350 GMT 28 Aug 95*

[FBIS Transcribed Text] Tianjin, August 28 (XINHUA) — The second-phase construction of the YA13-1 gas field in south China's Hainan Province has been completed and has been checked and approved by the government.

The Sino-foreign venture, located in the South China Sea about 91 km south of Sanya City, covers an area of 53 sq km with proven gas deposits of nearly 100 billion cu m. It is expected to have an annual gas production capacity of 3.4 billion cu m.

The second-phase was a key project undertaken by the China Offshore Platform Manufacturing Co. based in Tianjin.

Construction work included building an offshore platform, laying submarine pipeline and building a central control room, large oil storage tanks, a heliport, and an oil wharf. All of the work was done to international standards in accordance with ISO 9002, a system of measurement, according to officials at the company.

When the second phase project is put into operation, it will have an annual handling capacity of 550 million cu m of natural gas and 270,000 cu m of oil.

**Henan Province Opens Investment Conference**

*OW2808163395 Beijing XINHUA in English*  
*1554 GMT 28 Aug 95*

[FBIS Transcribed Text] Zhengzhou, August 28 (XINHUA) — An investment conference for overseas investment starts today in this capital city of North China's Henan Province.

Businesspeople from more than 130 firms in some 30 countries in Southeast Asia, Europe and North America attended the conference, which lasts until day after tomorrow, according to organizers.

The province has announced 104 key projects open to foreign investment in electronics, machinery, energy, chemicals, and other sectors.

Several agreements and contracts were already signed today, involving over four billion yuan.



**\*'Important Potential Problems' in Trade Viewed**  
95CE0567A *Beijing GUOJI SHANGBAO in Chinese*  
20 Jul 95 No 7, pp 26-27

[Article by Xu Haining [1776 3189 1337], Shanghai Foreign Trade Academy: "Potential Problems in China's Development of Foreign Trade"]

[FBIS Translated Text] 1994 might be said to have been a glorious year in the development of China's foreign trade. In 1994, China's imports and exports totaled \$236.7 billion, and the trade balance also went from an unfavorable \$12.2 billion to a favorable \$5.3 billion. The speed of increase in China's world trade was second only to that of Singapore, and it ranks first in the world in export growth. However, because of this encouraging statistical background, people frequently overlook some important potential problems. These potential problems will adversely affect and limit the development of China's foreign trade for some time to come.

### 1. Too Much Dependence on Foreign Trade Limits Further Growth

China's total trade imports and exports as a percentage of GNP rose from 38 percent in 1993 to more than 45 percent in 1994. This high percentage reflects both a further opening of the country's national economy to the outside world, and also shows that further increase in China's foreign trade will be limited by development of the entire national economy. One might say that for a country as large as China, a 45 percent dependence on foreign trade reaches the extreme limit. In the export field, in particular, China is close to exporting nearly one-fourth of its products, and most of these products are ultimate consumer goods. No doubt this aggravates the unremitting domestic inflation. According to the national economic plan, while maintaining an economic growth of between eight and nine percent, imports and exports for the year were set at \$240 billion, an only 1.4 percent rate of increase. This is not only vastly lower than the 20.9 percent rate of increase in 1994, but also greatly lower than the between eight and nine percent rate of increase in the national economy in 1995. Calculating on this basis, China's reliance on foreign trade during 1995 will show a downturn from the more than 45 percent high mark of 1994. Looked at in terms of exports, the percentage for 1994 was more than 23 percent, but according to the national economic plan, the country's exports for 1995 were set at \$120 billion, so this percentage should also drop to below 21 percent. Looked at from one side, the national economic plan shows: not only must development of the country's foreign trade take account of the domestic market, but it must also be subordinate to the overall goal of macroeconomic regulation and control of the

national economy. High speed development divorced from the foundation for the national economy cannot continue for long.

### Too Strong a Processing Industry Coloration in Foreign Trade: Insufficient Industrial Staying Power

Calculated in terms of kinds of trade, \$104.55 billion, or approximately 44 percent, of the country's total 1994 imports and exports of \$236.7 billion were processing industry trade imports and exports, and \$56.98 billion of the exports included in this figure accounted for 47 percent of total exports for the year. By contrast, general trade exports had a value of \$61.56 billion, or approximately 51 percent of all exports in the country's foreign trade for 1994. Clearly, half of the country's foreign trade is dependent on processing industry trade. This situation shows too strong a processing industry trade coloration in the country's foreign trade imports and exports, and it also reflects the fairly weak international competitiveness of China's industry. This limited industrial competitiveness will ultimately limit the development of foreign trade. Generally speaking, a processing industry import-export trade and high proportional reliance on foreign trade are classic features of a small country externally oriented economy. For a country as large as China, this is obviously not fitting. In addition, processing industry trade exports totaled \$56.98 billion, and imports totaled \$47.57 billion in the country's overall foreign trade in 1994, exports exceeding imports by \$9.4 billion. Clearly, the country's \$5.3 billion favorable balance of trade was attributable entirely to processing industry trade. General trade imports and exports still showed an unfavorable balance. This situation also reflects the structural weakness of the country's foreign balance of payments. The current roominess in the country's foreign balance of payments is only temporary; the foreign exchange shortage will remain a long-term problem.

### 3. Foreign-owned Enterprises Dominated by One Party; Strong Tendency to Import

The importance of foreign-owned enterprises is becoming increasingly strong in China's foreign trade. In 1994, foreign-owned enterprise exports and imports totaled \$87.65 billion, or more than one-third the country's total imports and exports for the year. This might be termed "one third of China." This shows the positive role in foreign trade of China's importation of foreign capital. However, it also shows that with the gradual increase in the percentage of foreign-owned enterprise imports and exports in overall foreign trade, fluctuations in the development of China's foreign trade may also increase at the same time, thereby affecting the stability

of overall national economic development. This is because, owing to the special character of foreign-owned enterprises, government's ability to control and regulate their economic activities is far weaker than for domestic enterprises. To a certain degree, this also increases government's difficulties in exercising macroeconomic regulation and control over foreign trade and even the entire national economy. Further examination shows exports of \$34.71 billion and imports of \$52.96 billion attributable to foreign-owned enterprises in China's total imports and exports for 1994, imports exceeding exports by \$18.25 billion. This situation shows a strong import tendency in the trade of foreign-owned enterprise. Clearly, this exerts no small pressure on the country's already brittle foreign balance of payments.

#### **4. Stable Exchange Rate and Currency Blunt Foreign Trade Export Thrust**

The merging of foreign exchange rates, which began in 1994, and the foreign trade enterprise foreign exchange sale and settlement system have a major effect on the renminbi exchange rate and the foreign balance of payments. At the end of 1994, China's foreign exchange reserves zoomed to more than \$50 billion. This enormous figure produced excessive optimism and an overestimation of the country's export foreign exchange earning capabilities and the country's balance of payments. Actually, as was said earlier, the enormous figure is based on processing industry trade. In addition, it must also be noted that the continuing high renminbi exchange rate, which began in 1994, and the favorable balance of trade is attributed to an oversupply of foreign exchange, but it is actually created by low demand for foreign exchange. Under the bank exchange sale and settlement system, foreign exchange obtained from exports must be settled and turned over to designated foreign exchange banks; however, even though the examination and approval system has been abolished for foreign exchange needed for imports and the renminbi is conditionally convertible, the state tight money policy has directly created a softening of demand for foreign exchange on the renminbi end. Strong import impulses are held in check by the tight money policy. The tight money policy plays the main role in the country's continuing high renminbi exchange rate and the process whereby the country's trade balance has become favorable.

Turning to 1995, the key task in state macroeconomic regulation and control at the present time is controlling the overly high domestic inflation rate and a needed accompanying somewhat tight money policy. Since there are some other fundamental reasons for the present domestic inflation, chances are it will continue for a fairly long time. The accompanying somewhat tight

money policy will also continue for a fairly long time; thus, for a certain period, no large scale devaluation of the renminbi such as occurred in the past will occur. For a long time, China's foreign trade exports have depended on the renminbi "devaluation effect." Now, both the continuing steady renminbi exchange rate, and the continuing high domestic inflation have a detrimental affect on the country's foreign trade exports. Therefore, the basic foreign trade climate suggests that for the next several years the foreign trade export situation will offer no cause for optimism. The thrust of the country's foreign trade exports will be blunted. The increased exports and the favorable trade balance during the first quarter of 1995 are nothing more than spill over from the previous year. For the sake of its long-term interests, development of the country's foreign trade should enter a structural readjustment period instead of relentlessly pursue high growth.

#### **5. New Understanding of China's Economy For Gradual Readjustment of Foreign Trade Operations.**

The above analysis suggests that current government macroeconomic regulation and control policy — particularly monetary policy and exchange policy — do not much favor the development of foreign trade. This seems to be a difficulty that goes along with development of an externally oriented economy, but it really is not. The problem lies in the "skewed" view that people have of China's overall economic pattern. They always suppose that China's overall economic pattern is "externally oriented." This is to look at the issue solely from the angle of the developed coastal region, and particularly from the foreign trade economy angle, which easily leads to this mistaken perception.

China officialdom has never made a conclusive statement about the country's overall economic pattern. According to a 1987 World Bank special study report, Indonesia, the Philippines, and Mexico are ordinary internally oriented economy countries, but Malaysia, Thailand, and Brazil are ordinary externally oriented economy countries. Only Hong Kong, South Korea, and Singapore have dedicated externally oriented economies. The criterion that the World Bank special study report used to define these different types of countries was largely their governments' policy orientation, e.g., whether the exchange rate favors exports or imports was an important indicator. On the basis of government policy orientation, there is reason to believe that to regard China as an ordinary internally oriented economy country is rather appropriate. Despite the constant depreciation of the renminbi exchange rate, the protracted inability of foreign trade operations to escape fully from

a situation of preference for internal sales rather than foreign sales is testimony to this view.

Since the advent of reform and opening to the outside world, China's overall economy has gotten away from the former "import substitution" pattern, but it has yet to fashion an "export-led" economy. Clearly, the development of China's foreign trade will be processed in a relatively neutral macroeconomic policy environment. China's foreign traders should understand this clearly and make long-range strategies. Enterprise strategies and actions that rely too much on export policy should also be gradually readjusted.

#### **\*Ways To Restructure Export Industries Noted**

95CE0568A Beijing GUOJI SHANGBAO in Chinese  
20 Jul 19 No 7, 95 pp 23-25

[Article by Tong Shuxing [4547 2579 5281], International Trade Problems Research Institute, Ministry of Foreign Trade and Economic Cooperation University: "Ways to Hasten Restructuring of China's Export Industries"]

[FBIS Translated Text] Since the advent of reform and opening to the outside world, China's foreign trade has increased rapidly. It now ranks eleventh in the world in terms of export volume. The export mix has also been preliminarily optimized in the completion of a change from the export of mostly primary products to mostly industrial manufactures. This is a very great advance. However, it must be realized that the present structure of China's export industries remains fairly backward; quality is relatively low, and blockbuster export products are particularly lacking. Unless effective actions are taken to restructure export industries, reserve strength to increase exports will be lacking. This will make attainment of the goal of increasing exports to \$200 billion by the end of the present century difficult, and it will also be detrimental to the country's industrial structure.

#### **1. Necessity of and Urgency for Restructuring**

Most of China's industries are labor-intensive. Exports consist mostly of light industrial products and textiles. Despite the benefits in increased employment and greater capital accumulation, because of their low technology content, and low quality, sale prices are low, and economic returns are relatively poor. Thus, China is in a disadvantageous position in international exchange because it has to exchange large quantities of products of low skill ordinary labor for a small amount of products of developed countries' highly skilled labor.

It is the present structure of China's export industries and the make-up of its exports that determine to a sub-

stantial degree that the products that China's firms sell in the international market compete largely through low price. Not only are returns small, but China's goods frequently encounter foreign anti-dumping charges. Between the beginning of reform and opening to the outside world and 1992, foreign countries lodged as many as 140 anti-dumping suits against China, 120 of them from developed countries. Developing countries filed eight cases. As a result, exports of some products declined and markets have been lost.

China's lack of blockbuster exports is also related to the present backwardness of the export structure. Japan's and South Korea's exports of a single blockbuster product (such as automobiles or computer chips) yield \$10 billion or several hundred billion dollars because of their capital-intensive and technology-intensive export industry structure.

China's present export industries and export product structure increasingly come up against a relatively narrow world market capacity. In today's situation of rapidly developing science and technology, increasingly the products exchanged in international markets are brainpower products. International trade in technology-intensive products is growing rapidly while the growth rate for trade in labor-intensive products is low, market capacity for them is limited, and competition is intense.

For example, in 1994, China exported 2.368 billion pairs of shoes at export prices averaging only \$2.40 per pair. The United States is the world's largest importer of shoes. In 1994, China exported 700 million pairs of shoes to the United States, sufficient to provide every American three pairs of Chinese shoes. This shows that no potential exists to increase shoe exports to the United States.

#### **2. Direction of Restructuring**

The goal in restructuring China's export industries should be optimization of the export industry structure, emphasizing the development of high value added exports to enable the country's export industries to update their products, improve product quality, make more up-scale products, and increase returns. Emphasis must be placed on developing products for which international market capacity is large, on which large amounts of money can be earned, for which growth is rapid, and that sell well, as well as products for which China has a good foundation for production, products from key industries for national economic development, products whose export increases fairly rapidly, and products for which further growth is possible. Such products are mostly mechanical and electrical products.



Mechanical and electrical products include a wide range of goods in many categories. On the basis of the level of China's industrial technology and foreign demand, China should first plan to develop medium and low quality electronic products and common machinery exports. In fact, most of China's present exports of mechanical and electrical products are of these kinds. It should be pointed out that China's industrial structure is a diverse one. We have begun to establish high and new technology industries, and we also have high and new technology products for export. Some high and new technologies should also help along export industries. The State Council's Mechanical and Electrical Products Office has prepared plans for mechanical and electrical product exports of \$30 billion in 1995, reaching \$60 billion by 2000.

Not only is the value added of mechanical and electrical products high, but market capacity is large. In 1992, world trade in mechanical and electrical products totaled \$1.361 billion or 37 percent of all international trade. Meanwhile, during the same year, world trade in textile fiber and clothing products totaled \$261.989 billion, or only one-fifth the amount of international trade in machinery and electrical products. The increase in mechanical and electrical products has been much faster than the increase in international trade as a whole. This includes multiple grade, high, medium, and low quality products some of them labor-intensive products, some of them capital-intensive products, and some of them technology and intellect-intensive products. China has substantial room for selecting mechanical and electrical exports for development. It should emphasize the nurture and development of the following major categories of mechanical and electrical exports: *Office machines and telecommunications equipment*

This is the information age. Office machines and communications equipment are information products whose production and trade has increased extraordinarily rapidly, and for which market capacity has increased quickly. Among these products, the development of electronic computers, particularly personal computers, should be emphasized. These products are now entering households. Domestic and foreign market demand is very great. The development of electronics industries not only holds significance for the expansion of China's exports, but also holds great significance for development of the entire national economy. *Household electrical appliances*

China's household electrical appliances industry has begun to develop, and large quantities of appliances have been exported. The problems requiring solution are further improvement of quality and grades for a greater

effort to compete on quality in markets. *Electrical equipment*

The capacity of world markets for such products is also very large, and electrical equipment should be a main target for development. *Complete plants*

China has exported substantial numbers of complete plants. Its electric power generating equipment exports are quite competitive. If credit problems, auxiliary equipment problems, and coordination problems can be solved, such exports can be expanded. *Ships and boats*

These are a combination capital-intensive, technology-intensive, and labor-intensive product whose development is very much suited to China. China is already one of the world's ship and boat exporting countries. We should continue to support it as a key export industry. *Motor vehicles*

Motor vehicles are a staple of international trade. Many countries have gone all out to make the motor vehicle industry a mainstay industry, and they have developed it into a principal export industry. China should put on the agenda today the development over the long term of motor vehicles as a mainstay export products. However, in view of the relatively low level of development of China's motor vehicle industry, particularly the country's sedan industry, which has only just begun to develop, development of a motor vehicle export industry within a short period will be difficult. China's Ninth Five-Year Plan calls for the nurture and development of the motor vehicle industry. Because of the special position of small sedans in international trade, over the long-term, China must develop the sedan industry into an export industry. Fostering and developing an export industry requires a substantial amount of time; thus, we should begin now to foster a sedan export industry, drawing up plans and policies. *Motorcycles*

Development of motorcycle exports is easier than for motor vehicles. China makes little money today from motorcycle exports. Actions should be taken to improve exports. *Clocks, watches, and cameras*

Clocks, watches, and cameras are consumer goods for which market capacity is great. Only vigorous action is needed to develop their great potential. *Instruments and meters*

In 1993, China exported \$471 million worth of general purpose instruments and meters. The meter industry has 11 production base enterprises. Expansion of the 21 mechanical and electrical production enterprises will provide substantial export potential. *Environmental protection equipment*

Most environmental protection equipment is sold inside the country today, but prospects for the development of such equipment are very good. Over the long-term, China should emphasize the development of environmental protection industries to meet both domestic and foreign market demand. *General machinery*

This category of products is highly labor-intensive; thus, it is suited to China's circumstances. However, this category of products encounters numerous anti-dumping suits in the international market. Although there is room for development, limitations are numerous. Exports of this category of products will require further improvement of quality.

Emphasis in China's current mainstay export — textiles — should be on the development of medium and high quality products in many grades and having high value added, and reduction of low quality exports. Foreign market potential for clothing exports is greater than for textile fiber exports, and value added is also high. Clothing is China's major export today, and the export of medium and high quality clothing should be the main direction of development.

Exports of raw materials should be decreased. The per capital amount of raw materials in China is by no means high. Export of processed goods, particularly the export of highly processed goods, should be the basic direction in restructuring the country's export industries.

While reducing exports of agricultural products and by-products, we must continue to develop foreign exchange earning agriculture.

### 3. Restructured Unfavorable Conditions and Favorable Conditions *Unfavorable conditions are as follows:*

More must be invested in science and technology in order to improve export industry quality, and to develop capital- and technology-intensive export industries. However, one obstacle to making the most of the role of science and technology is the general existence of low wage levels and a large surplus population. This situation is unfavorable for the spread and application of sophisticated technology, because production enterprises are prone to focus more on the use of low quality manpower than on sophisticated technology.

China is a developing country that has long lacked sufficient capital.

The lack of highly skilled labor by comparison with other countries and territories is an unfavorable condition that stems from the country's backward education.

Unfavorable institutional factors. Reform of the country's institutions is still underway. No synchronization

between one sector and another, and regional autarky still exist. Problems with a backward industrial structure recur in every sector and region; government administration has still not been separated from enterprise management; and enterprise mechanisms are in need of transformation. *Favorable conditions*

Restructuring can continue international competition though low labor costs plus technology. China's low labor cost advantage together with technology has been the main feature of the country's export trade since reform and opening to the outside world, and the reason for rapid export growth. Wages of the country's scientific and technical personnel are low, and the scientific and technical products they manufacture and export can also compete in international markets at a relatively low price. In 1992, exports of high technology products totaled \$4 billion, thanks largely to price competition. The key today lies in increasing the role of science and technology as well as benefiting from low labor costs.

Although the country's machinery and electrical products industries lag technologically behind industries in developed countries, they do have a substantial foundation. They run the gamut, and most mechanical and electrical products are at the level of industrially developed countries during the 1970s and 1980s. Since reform and opening to the outside world, the country's mechanical and electrical products exports have grown rapidly, showing that they do offer very great development potential. It should be noted that the government has already incorporated into national economic plan the development of mechanical and electrical industries as mainstay industries in the national economy. Therefore, making mechanical and electrical industries key export industries is consistent with the country's overall development objectives.

Furthermore, after more than a decade of development, China has accumulated experience and capability to lay the groundwork for further optimization of the export structure.

Reform, opening to the outside world, and building of a market economy have permitted the gradual building of a market competition mechanism in the country, which plays an important role in improving industry and product quality. It also helps the restructuring of export industries, upgrading and updating them to produce products that can compete in the international market.

**4. Policy Actions That Should Be Taken Follow a policy that combines ordinary exports and key exports.**

Since China is a large developing country whose economy is varied; thus, the make-up of its exports is also varied. The advantage of varied exports is grater opportunities to expand exports and leeway for making choices. However, owing to manpower and financial resources limitations, China can concentrate only on a not very large number of exports, the greatest emphasis going to the development of blockbuster exports. Development of such products requires specialization and an appropriate scale of operation. This is the only way to be competitive. *Follow a policy that combines an export-led economy with import substitution.*

Under today's circumstances in which it is not possible to take the old road of industrial development, China should go in for import substitution first, using high tariff and non-tariff barriers to block imports, then wait until domestic industry has matured before developing exports. The experience of the four small Asian tigers in developing export industries shows it is still possible to engage in import substitution while in the export-led economic development stage; however, import substitution during this period is not for the purpose of developing domestic industry as it was formerly, but rather for the purpose of developing exports. In addition, the emphasis in the development of import substitution in orienting toward exports is intermediate products, the goal being to solve the problem of supplying the parts and components needed for the development of export lines. *Increase investment in science and technology, pursuing a strategy in which science and technology spurs increase in exports and optimizes the product make-up.*

Government must institute more policies that tilt toward science and technology putting more national and social resources into science and technology, particularly investing more in the development of up-scale export products. *Trade policies must be more open.*

More enterprises must participate directly in international competition so as to gain international scientific and technical and trade news in larger quantity and more quickly. This is a means of gaining benefit from the rapid spread of world science and technology, and of gaining more promptly and digesting more rapidly technologies that foreign firms have developed, the better to produce high quality exports. Trade policy must also introduce international competition, using international competition to promote development of Chinese science and technology, and economic relations and trade. Measures must also be taken to widen foreign markets for sales of goods as a means of finding outlets for scientific

and technical goods that have been manufactured. *Intensify science and technology system, and foreign trade system reform.*

Overcome sector and regional separatism to produce a solid foundation for linking trade and technology in order to overcome duplication of the industrial structure in every area and create conditions for across-the-board restructuring of the export industry. *Investment, credit, interest rate, and taxation policies must be meshed with restructuring of export industries.*

Operate joint ventures having a high technology content, grafting them to enterprises in China's mechanical and electrical industries.

One-third of the country's exports of mechanical and electrical products come from joint ventures today, and the mechanical and electrical products they export have a high technology content, which helps optimize the country's export mix. Clearly, China must take account of methods used in other countries in restructuring its export industries. It must deliberately bring in foreign capital and technology to serve this purpose.

### Agriculture

**Conference Urges Increase in Grain Output**  
HK2908012695 Beijing JINGJI CANKAO BAO  
in Chinese 26 May 95 p 1

[Dispatch by Staff Reporter Wang Yi (3769 3015) from Chengdu: "National Meeting on Comprehensive Development of Agriculture Discloses That China's Annual Grain Output Must Be Increased to 500 Billion Kilograms by 2000"]

[FBIS Translated Text] This reporter has learned from the National Meeting for the Exchange of Experience in the Comprehensive Development of Agriculture held here that the comprehensive development of agriculture will be responsible for half the task of raising grain production capacity by 50 billion kilograms before the end of this century.

It has been estimated that China must increase its annual grain output to 500 billion kilograms by the year 2000 to meet the basic demands of its people and economic development. This means that the country has to raise its production capacity by 50 billion kilograms over six years.

According to the draft of the Ninth Five-Year Plan of the State Planning Commission and the decision of the National Office for Comprehensive Agricultural Development, comprehensive agricultural development must, with the support and guarantee of measures



for the comprehensive development of the farming, forestry, and water conservancy sectors, play a key role and assume half the task of raising grain production capacity, that is, increasing grain output by 25 billion kilograms.

As analyzed by agricultural scientific research departments, China has 852 million mu of medium- to low-yield farmland and 500 million mu of barren areas suitable for farming and 1 billion mu of sandy wasteland available for use. In an ideal scenario where all effective inputs have been ensured, the scientific and comprehensive development and utilization of these resources will help raise grain output by several hundred billion jin.

Based on this analysis, the National Office for Comprehensive Agricultural Development plans to transform 187 million mu of medium- and low-yield farmland over the next six years (or an average of 31 million mu each year) and open up 15.2 million mu of barren areas suitable for farming (a yearly average of 2.5 million mu) to attain the set target of increasing grain output by another 25.1 billion kilograms. The Huanghe-Huaihe Plain, the North China Plain, and the middle and lower reaches of the Chang Jiang will be the key areas of land transformation. The additional grain production capacity to be provided by these areas will make up 84 percent of the task of comprehensive agricultural development.

#### **Guizhou's Development Plan Noted, Examined**

OW2908083095 Beijing XINHUA in English  
0805 GMT 29 Aug 95

[FBIS Transcribed Text] Beijing, August 29 (XINHUA) — Southwest China's Guizhou Province is preparing to carry out an overall agricultural development program aided by the World Food Program (WFP).

The five-year program, also named WFP5181, covers the construction of irrigation facilities, roads and methane-generating pits, water and soil conservation, land development, the improvement of drinking water facilities, and the training of farmers.

It will be carried out in four counties and cities of Tongren Prefecture starting January next year.

The WFP will offer grain and transport and storage facilities worth of 15.66 million US dollars to the project, and the Chinese government will provide 13.15 million US dollars-worth of supportive funds and equipment to the project.

An official of the Ministry of Agriculture said here today that this will be the second WFP-aided project to be carried in the Wuling Mountains area, bordering Sichuan, Hubei, Hunan and Guizhou provinces. It is

one of China's 18 stretches of poorest areas, and a place where more than 20 ethnic minorities, with the Miao and Tujia people in the main, live in compact communities.

The first project, named WFP3779, which began in the Enshi Autonomous Prefecture of the Tujia Ethnic Group in Hubei Province and the Xiangxi Autonomous Prefecture in Hunan Province in 1991, has helped improve local farm production and ecological conditions.

According to statistics, Xiangxi has increased its grain output by 15,968 tons over the past three years, built 460 ha [hectares] of tea gardens and orchards, raised the forest coverage from 25.8 percent to 33.4 percent, and reduced soil-erosion areas from 30,813 ha to 27,015 ha.

More than 45,000 rural households of 163,000 people in Enshi have benefited from the project, which has increased the irrigated areas by 1,379 hectares, tree-covered areas by 3,075 hectares, orchards by 579 hectares, man-planted grassland by 975 hectares, and farmers' income by 22 percent.

According to the official, the project has also helped train a number of technicians and managers to run foreign-related projects, and paved the way for absorbing foreign funds in agriculture.

#### **Growth in Rural Economy 'Steadily' Develops**

HK2908012995 Beijing NONGMIN RIBAO  
in Chinese 17 Jul 95 p 1

[Commentary by Staff Reporter Li Yongsheng (2621 3057 3932): "A Fast Horse Still Needs Good Fodder—China's Rural Economic Situation in First Half of the Year"]

[FBIS Translated Text] China's agricultural and rural economy continued to develop steadily in the first half of this year. This is good news for those who care about agriculture, the rural economy, and peasants. Whether it is the result of the system of responsibility with provincial governors assuming responsibility for the "rice bags," or the result of the system of responsibility with mayors assuming responsibility for the "shopping baskets," the efforts made by governments at all levels have been acknowledged through the bulging "money purse" of peasants.

The latest news from the Ministry of Agriculture contains at least the following three pieces of encouraging news: First, the situation of farming is excellent. Summer grain produced a good harvest this year. It was the second best harvest in history. Rapeseed production hit an all-time high. The production of early rice stopped fluctuating, with sown acreage showing an increase over

the previous year. In particular, there was a substantial increase in the sown acreage of fine species of early rice. The acreage under cotton, which was closely watched by many, further increased on the basis of the rebound of the previous year. Increases were also registered in the rate of popularization of fine species and in the promotion of suitable technologies.

Second, ample supply of "shopping basket" products has played an important role in stabilizing prices and controlling inflation. In the first quarter, the supply of beef, mutton, and poultry on the market showed a substantial increase over the same period of last year, the production of aquatic products grew rapidly, the acreage under the cultivation of vegetables registered a considerable increase, and a great variety of vegetables were available.

Third, township enterprises are continuing their work of deepening market-oriented reforms. They have maintained the momentum of efficient, sustained, rapid, and healthy development. Production and marketing are well-coordinated. The export-oriented economy is developing swiftly, and east-west cooperation is making rapid progress.

The key to the above achievements lies in the fact that governments at all levels have paid greater attention to agriculture and the rural economy, and the vast numbers of peasants have demonstrated greater enthusiasm for production. This year, the party Central Committee and the State Council have promulgated a number of policy measures which are beneficial to agricultural production, and have clearly put forward the system of responsibility with provincial governors assuming responsibility for the "rice bags." While bringing pressure to bear on the local governments, these measures have also given the local governments greater autonomy. The rapid development of the rural economy in the first half of this year further demonstrates that without a substantial increase in input in this basic and weak industry of agriculture, it is impossible to achieve steady growth. This year the state and many local governments have increased their input in agriculture to varying degrees. It is not difficult to see that agriculture and the rural economy have both achieved rapid growth in those places where agricultural input is truly in place, but in those places where agricultural input is not placed in full or at the stated time, or where agricultural funds are misappropriated, squandered or held back, agriculture and rural economy have shown sluggish growth or even declined.

In our analysis of the bumper harvests of summer grain and oil-bearing crops and of the increase in acreage under the cultivation of early rice and cotton,

we must not overlook natural and economic factors. The natural factor is that "heaven" has been on the side of most parts of the country and that weather conditions have been largely favorable. The economic factor is that the incentive given by the state through the substantial upward readjustments of the procurement prices of grain and cotton and of the market prices of grain and oil has boosted peasants' enthusiasm for production and laid a solid foundation for reaping bumper harvests this year. In other words, to increase the production of agricultural products and peasants' income, the best option is to substantially increase input in agriculture and see to it that peasants can really benefit from the labor they put in. When the policy is correct, the input made by peasants — the mainstay in making the input — in agriculture will greatly increase. The recovery of the market for agricultural machinery and the strong momentum of growth in the sales of agricultural machinery fully testify to the truth of this point. Statistics on the sales of agricultural machinery in 20 provinces, prefectures and cities show an increase of over 50 percent in the first quarter.

When the party's policy of bringing prosperity to the people has been truly implemented and peasants' enthusiasm for production has been truly aroused, we need not worry that peasants cannot increase their income. According to a survey by the State Statistical Bureau, peasants' per-capita cash income in the first half of this year (excluding cash income from savings and borrowings) was 436 yuan, an increase of 40 percent over the same period of last year, or a real increase of 14 percent after allowing for inflation.

While seeing the achievements, we should also recognize that some of the deeper problems which have been hampering the development of agriculture and the rural economy all these years have not yet been resolved and are still affecting the development of agriculture and the rural economy. These problems include the weak position of agriculture as the foundation, serious natural disasters in some places, and the grim situation in cotton production. However, the following new problems in rural economic life are even more worrying:

First, the spiraling prices of agricultural means of production have forced many peasants to reduce their input in land or even stop making any input altogether.

Second, many township enterprises are faced with the shortage of funds. They have a severe shortage of circulating funds. In some under-developed regions, some enterprises only have loans but have no funds of their own. Growing "debt chains" among enterprises have further aggravated the funds shortage.

Third, there is a "rebound" in peasants' burden in some places. In the first quarter of this year, amounts paid by peasants in the whole country in per-capita tax payments, contributions to collective contracting, and retention and apportionment by the collective registered a 28-percent increase over the same period of last year. In addition, the increase in the price of agricultural means of production in the first quarter increased peasants' per-capita expenditure by 8.6 yuan.

Fourth, animal husbandry in most parts of the country is facing a grim situation, with insufficient replenishment of piglets, too many full-grown pigs and too little input of baby chicks.

Thus, to ensure all-round growth for agriculture and the rural economy for the whole year, we still need to do a lot of work in the remaining months of the year. To begin with, agricultural departments at all levels must organize cadres and technical personnel to redouble their efforts to realize the goal of reaping a bumper harvest of grain and cotton this year by going down to the first line of agricultural production and working side by side with peasants in grasping the field management of spring crops like early rice and cotton and summer crops like corn. Second, we should make use of the "nonstaple food risk fund" to protect and support key animal and poultry production bases and local breeders of animals, poultry, and sows, and should gradually stabilize the market prices of feed through such methods as increasing the shipment of corn to the south to make fish breeding and poultry raising a profitable business. Third, we should concentrate efforts on helping key township enterprises, foreign trade and export enterprises, and enterprises producing marketable goods tide over their cash shortages, and should continue to create the necessary conditions for the development of township enterprises. Fourth, we should quicken the pace of the reform of the system for the circulation of agricultural means of production, consolidate order in agricultural capital goods markets, and eliminate the phenomena of random price hikes and harming peasants' interests. Fifth, departments at all levels responsible for the supervision and management of peasants' burdens should continue to increase the intensity of their work, resolutely stop the indiscriminate increase of burdens on peasants, and truly implement the policies of the Central Committee.

A fast horse still needs good fodder. Provided that we do a good job in handling the several major questions discussed above and truly protect the interests

of peasants, we need not worry that the fast galloping horse of agriculture and the agricultural economy in the first half of 1995 will stop charging ahead, and we need not fear that the national economy will develop in an unhealthy direction.

**Agricultural Bank Issues Jan-Jul Figures**  
*OW2908082795 Beijing XINHUA in English*  
*0812 GMT 29 Aug 95*

[FBIS Transcribed Text] Beijing, August 29 (XINHUA) — The policy-oriented Agricultural Development Bank of China (ADBC) extended loans totalling 146 billion yuan (about 17.5 billion US dollars) for the purchasing of farm products in the first seven months of this year, the bank announced here today.

Of the total, 78.2 billion was offered for buying summer grains during the May-July period.

Not having branches under the provincial level, the ADBC called on the subsidiaries of the Agricultural Bank of China, one of the country's four state banks, to help enhance the management of purchasing funds and ensure that no such funds were diverted for other purposes, according to a bank official.

The ADBC, one of China's three policy-oriented banks established last November, is designed to be the sole source of funding for the purchase of farm products.

**\*Provinces Report Autumn Grain Area**  
*95CE0531X Beijing NONGMIN RIBAO in Chinese*  
*19 Aug 95 p 1*

[FBIS Summary] As of 19 August, the rice area in Jiangsu Province was 2.2 million hectares, and the cotton area was 550,000 hectares. As of the beginning of August, the grain area in Shaanxi Province exceeded 2 million mu, and the vegetable area exceeded 6 million mu. The planned autumn rice and cotton area in Anhui Province is 7.5 million to 8 million mu.

**\*Anhui Rural Savings Exceed 30 Billion Yuan**  
*95CE0531Y Hefei ANHUI RIBAO in Chinese*  
*14 Aug 95 p 1*

[FBIS Summary] As of 20 July, rural saving deposits in agricultural banks and credit cooperatives in Anhui Province exceeded 30 billion yuan, an increase of 5.1 billion yuan over the beginning of the year.



## Central-South Region

### Guangdong Leaders Report on Economic Growth

#### GDP Growth, 'Bumper' Harvest

OW2508083895 Beijing XINHUA in English  
0657 GMT 25 Aug 95

[FBIS Transcribed Text] Guangzhou, August 25 (XINHUA) — The economic development in south China's Guangdong Province has been keeping a stable momentum, according to Lu Ruihua, deputy governor of the province.

In the first half of this year the gross domestic product of the province hit 212.2 billion yuan-worth, an increase of 13.7 percent compared with the same period of 1994 and surpassing the national average by three percent.

Lu introduced various aspects of the economy of the province as follows:

Agricultural production proceeded smoothly, and the province enjoyed a bumper summer harvest. High-quality farm and sideline products increased by a large amount.

Industrial development is on the upsurge. From January to July of this year alone, the industrial output value of the province rose by 22.2 percent over the same period of 1994.

In the same period of this year the total export value went up by 27.7 percent, and the supply of various living necessities including grain, meat, poultry, eggs and vegetables was sufficient.

The investment in fixed assets decreased continuously.

The funds used for capital construction as well as the upgrading and transforming of outmoded enterprises only increased by 2.7 percent and those of 11 out of total 21 cities in the province showed negative growth.

The commercial and industrial tax revenues of the province rose by 35.5 compared with the same period of 1994.

At the end of July deposits in branches of state banks in the province were up 17 percent over the early of this year.

The rises in indices of both retail and consumer prices in the province were lower than the national average.

Meanwhile, some problems still exist and badly need solving, such as decrease in enterprises' economic returns, portfolio imbalance, shrinkage of exports and slowdown in the use of foreign capital, Lu said.

#### Tax Receipts

OW2608014895 Beijing XINHUA in English  
0102 GMT 26 Aug 95

[FBIS Transcribed Text] Guangzhou, August 26 (XINHUA) — Consolidated industrial and commercial tax revenue collected by the state tax bureaus in south China's prosperous Guangdong Province soared 41.8 percent, or 7.78 billion yuan, in the first seven months of this year to 26.42 billion yuan by the end of July.

Of the total, the revenue from the domestic value-added tax and consumption tax, which account for the lion's share of China's fiscal revenue under the new revenue-sharing tax system introduced in 1994, jumped 40.9 percent to 15.76 billion yuan between January and July.

During the period, tax refunds on exports totaled 9.96 billion yuan, an increase of 3.79 billion yuan, or 61.3 percent, over the same period of last year.

Officials said that strengthened collection was behind the boom in tax revenue in the months up to July.

#### Guangzhou Indicators

OW2908053595 Beijing XINHUA in English  
0456 GMT 29 Aug 95

[FBIS Transcribed Text] Guangzhou, August 29 (XINHUA) — This capital city of south China's Guangdong Province saw its economy grow 15.19 percent during the January-July period of this year over the same period of last year, according to the city's statistics bureau.

The bureau said that Guangzhou's aggregate economic value ranked third in the country after Shanghai and Beijing during this period, but its industrial products' sales-production ratio reached 96.91 percent and leads these two cities. The ratio registered a rise of 1.96 percentage points over the same period of last year.

During this period, the bureau said, Guangzhou's comprehensive economic efficiency index rose 27.9 percent, and the growth rate showed a drop of 5.08 percentage points from a year earlier, adding that the industrial enterprises' profits rose 5.24 percent during this period over the same period of last year.

The agricultural situation has also improved, according to the bureau. Guangzhou's grain output for the summer season rose 5.12 percent over the same period of last year, reversing years of decreases in grain production.

For the January-July period, Guangzhou's retail price index rose 11.2 percent over the same period of last year and the growth rate was 9.1 percentage points down from that for the same period of last year, said the bureau.

The bureau said that in June and July the city's retail price index grew at one-digit rates of 8.4 percent and 9.2 percent, respectively, the lowest since 1993.

During this period investment in fixed assets rose 41.3 percent over a year earlier and the rate is 38.62 percentage points down from the same period of last year.

The growth rate of real estate investment dropped 108 percentage points from a year earlier during this period, but investment in key construction projects was guaranteed, according to the bureau.

The bureau said that Guangzhou's import and export volume, contracted foreign investment and actual utilization of foreign investment all ranked second after Shanghai during this period.

The bureau said that Guangzhou's fiscal income grew 37.65 percent during the January-July period over a year earlier. Meanwhile, Guangzhou's banks received 82.4 billion yuan in deposits during this period, an increase of 28.25 percent over the same period of last year and also the quickest growth rate for a major city in China.

The bureau said that Guangzhou's urban residents' monthly living expenses rose 7.7 percent in real terms during this period to reach 712.19 yuan, "a benefit of the steady growth of the city's economy".

**Guangdong To Expand Major Commodity Reserves**  
*OW2908023795 Beijing XINHUA in English*  
*0149 GMT 29 Aug 95*

[FBIS Transcribed Text] Beijing, August 29 (XINHUA) — South China's Guangdong Province is to expand its major commodity reserves to enhance the provincial government's ability to tackle emergencies and to adjust the commodities market.

Guangdong established pork and grain reserves in 1985 and 1992, respectively, the same years when it unleashed controls on pork and grain prices. The reserves have since played an important role in steadying markets and prices.

Recently the provincial government decided to start stockpiling reserves of cotton, edible oil, sugar, agricultural materials and petroleum products.

Guangdong has made three stipulations on the funding of keeping the reserves: The fund should be included in the annual financial budgets of the provincial and local governments; banks are to grant loans to businesses keeping reserves; and the buying and selling of reserved goods are to be directed by government orders, and their losses are to be covered and gains absorbed by risk funds and price adjustment funds.

Trade and planning departments of the provincial and local governments will draw up annual plans for the sizes of the stockpiles. State-owned enterprises entrusted by the local governments will run the reserves, while the governments will retain the right to use reserved commodities.

**Guangxi Grain Procurement, Storage Viewed**  
*OW2608130295 Nanning GUANGXI RIBAO*  
*in Chinese 4 Aug 95 p 1*

[Report by Su Chaoguang (5685 6389 0342): "Speaking at a Regional Summer-Grain Procurement Telephone Work Conference, Ding Tingmo and Xu Bingsong Urge All-Out Efforts To Quicken the Pace of Storing Summer Grain in Warehouses"]

[FBIS Translated Text] Speaking at a regional telephone conference on summer grain procurement held by the regional party committee and government on the evening of 3 August, Ding Tingmo, deputy secretary of the autonomous regional party committee, and Xu Bingsong, vice chairman of the autonomous region, urged all localities to go all-out to quicken the pace of storing summer grain in warehouses.

With the advent of the busy season for storing summer grain in warehouses, some counties and cities in the region are seeing increased summer grain procurement. By 31 July, 95.58 million kilograms had been stored in warehouses in the region, with Beihai City, Yulin Prefecture, and Wuzhou Prefecture making rapid progress. By 3 August, Bobai, Beiliu, and Luchuan Counties had fulfilled their annual targets. Regionally speaking, however, progress has been very uneven. Some localities have not paid enough attention to this task, and some counties and cities have not taken action yet.

The autonomous region has determined that this year the region plans to procure 2.75 billion kilograms of grain, 1.5 billion kilograms coming from within the region. The overall requirements for summer grain procurement are: For fixed-quota grain procurement, 85 percent or more of the annual task should be fulfilled, and for grain purchased at negotiated prices, 60 percent or more should be fulfilled. Localities with the right conditions should purchase as much as possible. It should be noted that last year's floods reduced the region's grain output and reserves. This year, disasters in other provinces have led to insufficient supplies outside of the region. Therefore, we must gain a clear understanding of the situation, unify thinking, and buy more in the region.

In their speeches, Ding Tingmo and Xu Bingsong urged: In purchasing summer grain, all localities must wage extensive publicity drives, and thoroughly mobilize and

guide peasants to take overall interests into account and deliver more grain. Party members and cadres should take the lead in fulfilling their tasks. All localities should earnestly implement price policies and subsidies should not be granted. The price of grain for delivery to the state as tax should be calculated at 60 yuan per 50 kilograms of medium-grade, early-maturing nonglutinous rice. Grain should be purchased in the following order: Grain for delivery to the state as tax should be collected before fixed-quota and negotiated-price purchases are made. This order should not be reversed. In principle, all grain for delivery to the state as tax should be collected in kind, and no cash substitutes are permitted. With the approval of county (city) people's governments, cash substitutes are permitted if individual peasant households cannot deliver grain in kind; however, county (city) people's governments must purchase equivalent quantities of grain and store it in warehouses before the end of September. All grain to be purchased at negotiated prices should also be in kind, and no price differentials should be collected. Relevant leaders and parties should be brought to account if they decide without authorization to collect cash in lieu of grain for delivery to the state as tax or price differentials for grain purchased at negotiated prices. All localities should tighten grain market management to ensure the fulfillment of grain procurement tasks.

The conference pointed out: As the region faces a close deadline for purchasing this year's summer grain, and a heavy and arduous task in this regard, party and government leaders at all levels should pay close attention to this task; regard it as a major political and economic assignment; and go all out to take the initiative to complete the task.

### Southwest Region

#### Dismissals, Appointments at Guizhou Session

HK2508032995 Guiyang GUIZHOU RIBAO  
in Chinese 1 Jun 95 p 1

[Article: "Dismissals, Appointments at Provincial People's Congress Standing Committee 15th Session"]

[FBIS Translated Text] The six-day 15th session of the eighth provincial people's congress standing committee successfully fulfilled its agenda and closed on 31 May.

Liang Mingde, vice chairman of the committee, presided at the session; Wang Chaowen, chairman of the committee, Liu Yulin, Liang Wanggui, Wang Yaolun, Chen Yuanwu, Lu Wenbin, Ouyang Ziyuan, Li Renshan, and Li Ling, all vice chairmen of the committee, and Wang Linpu [3769 2651 2528], secretary general of the committee, attended the session; Yao Jiyuan [1202 4949 0337], provincial vice governor [as published], Xie Jin-

han, president of the supreme provincial people's court, and Wang Anxin [3769 1344 2450], deputy chief procurator of the provincial people's procuratorate, attended the session as nonvoting delegates.

The session passed resolutions on approving the "Regulations on Public Auditing in Guiyang," "Regulations on Statistical Work in Guiyang," "Regulations on Water Resource Protection in Daozhen Gelao Autonomous County," and financial accounting in 1994. The session also approved the report on the results of proposal number two approved by the third session of eighth provincial people's congress, and other items regarding several appointments and dismissals.

#### Sichuan Leaders Stress National Security Work

OW2508055395 Chengdu Sichuan Television Network  
in Mandarin 1130 GMT 21 Aug 95

[Announcer-read report from the "Provincial News" program]

[FBIS Translated Text] The provincial party committee and government recently made a decision on strengthening national security work. To safeguard the province's social and political stability and ensure smooth progress in reform, opening up, and economic construction, the decision urged party committees and governments at all levels to further strengthen national security work, and to take strict precautions against and firmly deal a blow to the theft of the province's intelligence information, infiltration, and sabotage by spy and intelligence agencies outside national boundaries, and by hostile and national separatist forces at home and abroad under the new situation of deepening reform, opening wider to the outside world, and speeding up economic development.

The provincial party committee and government urged party organizations at all levels and all departments and units to continue studying, publicizing, and implementing the national security law and its implementation rules in an extensive and in-depth manner; to make party members and people more patriotic, socialist-minded, and aware of national security; and to mobilize and organize party members and people to perform their bounden duty of safeguarding national security and interests in accordance with the law to combat various law-breaking and criminal acts that endanger national security.



**Tibet's Gyamco Meets With U.S. Consul General***OW2408135595 Lhasa Tibet Television Network  
in Mandarin 1200 GMT 21 Aug 95*

[Announcer-read report over video from the "Regional News Hookup"]

[FBIS Translated Text] [Throughout report, the camera focuses alternately on Gyamco, the American consul general, and other people attending the meeting] On 21 August, Gyamco, executive vice chairman of the Tibet Autonomous Regional People's Government, met (Ge Kang), consul general at the American Consulate in Chengdu, at the regional Foreign Affairs Office. Gyamco briefed the guest on the economic and social development of the region and on the grand celebrations of the 30th founding anniversary of the region.

Gyamco said that in the 30 years since the establishment of the region, under the leadership of the CPC and with the concern of the central authorities and the support of the whole country, great development has been made in various undertakings of the society, and earth-shaking changes have taken place in Tibet. At present, the situation of the entire region is good, the economy is developing, the various nationalities are united, and the people are living and working in peace and contentment. In particular, the central authorities held the Third Central Forum on Tibet's Work last year, and the forum decided to build 62 projects with the assistance of the whole country. These projects are under construction at present, and their completion will greatly promote further social and economic development of the region.

Gyamco said that at present the people across the region have adopted a brand new pose to usher in the 30th founding anniversary of the region. The region wants to show, through celebrations of its founding anniversary, to the people of the whole country and to the whole world the tremendous changes that have taken place in the region in the past 30 years and to show them the fine mental attitude of our region.

(Ge Kang) said: During my current trip to Lhasa, I have found that construction is being carried out everywhere. I have a deep impression that Tibet is developing. (Ge Kang) said that the American Consulate General in Chengdu is willing to provide assistance for economic and technological cooperation between American industrial circles and the region.

**Tibet Reports Progress in Economic Restructuring***HK2508032895 Beijing RENMIN RIBAO in Chinese  
5 Jun 95 p 1*

[Report by reporter Li Wei (0491 0251): "Tibet Makes Headway in Economic Restructuring Involving State-

Owned Enterprises, Finance and Tax, Circulation, and Social Security"]

[FBIS Translated Text] Lhasa, 4 Jun (RENMIN RIBAO)—Since last year, Tibet has focused on straightening out basic economic relations, solving deeper-level contradictions, and speeding up establishment of the basic framework of a socialist market economy. It has made many important reforms in state-owned enterprises, finance and tax, investment, agriculture, trade, market circulation, social security, and public-owned housing. There has been progress in reforming the economic system.

The autonomous region has strengthened reform in 62 key enterprises. Those enterprises with good profits have been reorganized and changed into corporations or shareholding companies in stages and in groups. The 14 decisionmaking rights of enterprises have been implemented and internal reform of these enterprises is being deepened. As the leading enterprise of the Lhasa tourist industry, the Chengdu-Tibet Hotel has issued shares that have been listed on the Shanghai Securities Exchange.

The reform of finance and tax in Tibet has made comparatively good progress. Last year, Tibet synchronized with the whole country to push the tax-sharing management system and the new tax system. The transfer to the new tax system is basically complete. Last year, Tibet collected 259 million yuan in various taxes, an increase of 19 percent over the previous year. Of this, tax on industry and commerce was 180 million yuan, 50.7 percent over the previous year.

The reform of the market circulation system has progressed steadily and smoothly. Controls on prices of domestic tea have been lifted, Lhasa electricity prices have been adjusted, the purchase prices of grain and rapeseed have been raised, and farmers are benefiting from the reform. The autonomous region has also established a grain risk fund and a special reserve system for grain.

Tibet also has accelerated transformation of the operational mechanism of foreign trade enterprises and the reform of establishing enterprise groups.

**Tibet Launches Mamla Water Project***OW2808035795 Beijing XINHUA in English  
0250 GMT 28 Aug 95*

[FBIS Transcribed Text] Lhasa, August 28 (XINHUA)—Work has started on the construction of the principal part of the Mamla water-control project, the largest of its kind in the Tibet Autonomous Region.

The project, located on the upper reaches of the Nyang Qu River in Xigaze Prefecture, is estimated to cost one billion yuan.

The project is expected to be completed by 1999 and will be used for irrigation and power generation as well as flood control.

Local officials said that the project will play an important part in the development of the local economy, grain production in particular.

It is one of the 62 projects currently under construction in Tibet that are aided by both the central authorities and provincial governments.

#### **Former Governor Gao Elected Yunnan Party Secretary**

OW2708090195 *Beijing XINHUA in English*  
0810 GMT 27 Aug 95

[FBIS Transcribed Text] Kunming, August 27 (XINHUA) — Gao Yan was elected secretary of the Yunnan Provincial Committee of the Communist Party of China (CPC) at the first plenary session of the committee's sixth congress here today.

Gao, 53, was former governor of the Jilin provincial government in the past three years.

Meanwhile, He Zhiqiang of the Naxi nationality, Linghu An and Li Jiating of the Yi nationality were elected deputy secretaries of the CPC Yunnan Provincial Party Committee.

Sun Gan was elected secretary of the CPC Yunnan Provincial Commission for Discipline Inspection.

#### **Yunnan Governor Links Reform Policies, Growth**

OW2608130995 *Kunming YUNNAN RIBAO*  
in Chinese 8 Aug 95 p 1

[Report by staff reporter Du Minsheng (2629 2404 3932): "He Zhiqiang Speaks on Yunnan's Reform and Development at the Provincial Party Committee School — Practice Proves That Development Is the Last Word"]

[FBIS Translated Text] Yesterday afternoon, Governor He Zhiqiang, who is also president of the Yunnan College of Administration, called on veteran comrades attending the first class for veteran cadres from across the province to study the "Selected Works of Deng Xiaoping" at the provincial party committee school. He also delivered a report.

He Zhiqiang said: The best experience that we have gained over the past 15 years is what Comrade Deng Xiaoping said: "Development is the last word." He

Zhiqiang reviewed the state of reform and development in Yunnan over the past 15 years, as well as Yunnan's experience in this regard. He sought the opinions of veteran comrades on Yunnan's economic work.

He Zhiqiang said: Under the leadership of the Central Committee and State Council, our province has achieved tremendous success in various fields in accordance with Comrade Deng Xiaoping's thinking that development is the last word. This is the result of upholding the policies of reform and opening up, and of relying on the efforts of people of all nationalities; it is also the result of hard work by veteran comrades. In the 15 years since the policies of reform and opening up were initiated, we have, first of all, devoted our attention to readjusting several aspects of the economic structure, including the structure of light and heavy industries, the ownership structure, the enterprise structure, and the proportion of raw and semifinished materials industry relative to processing industry. Through readjustment, the economic structure has become more rational, leading over 10 million peasants to prosperity. Enterprise groups have grown to a certain size. Provincial revenues have increased substantially. Second, we have nurtured pillar industries and cultivated a dominant tobacco sector. Following the Third Plenary Session of the 11th CPC Central Committee, the province's tobacco industry has developed swiftly. It moved into a stage of high-speed development from the late eighties to the nineties, and its share of the province's total output value of goods and services rose from 7 percent to 30 percent. Taxes and profits generated by this industry now account for 80 percent of the province's revenues. In terms of taxes and profits, the tobacco industry has passed the 10-billion-yuan and 20-billion-yuan marks over the past five years, and aims for the 30-billion-yuan mark this year, thus making important contributions to Yunnan's economic construction. Moreover, the province has nurtured a number of pillar industries, such as cane sugar, nonferrous metals, and machine-building. Third, the province has devoted major efforts to infrastructure construction. The ground-work laid over the past 10 years has created conditions for substantial development during the "Ninth Five-Year Plan." He specifically discussed the province's future plans for the construction of transport facilities. Fourth, a new opening-up pattern centered on Southeast Asia has taken shape. He Zhiqiang said: Over the past 15 years, the province has expanded contacts and increased economic cooperation with neighboring countries. Border trade has been very brisk. The Kunming trade fair is gradually turning into an international exposition, becoming a window through which the southwest opens up to the outside world. Fifth, the province has made new adjustments to the economic pattern to make it more

rational. The focus of energy development has shifted from east to west, and a hydroelectric power base centered on the Lancang Jiang has gradually taken shape. In resource development, the focus has shifted to biological resources and nonmetallic minerals. Sixth, the province's economic development has embarked on the path of self-development, and the commodity economy has developed significantly. The entire province has entered the stage of industrialization-led growth.

He Zhiqiang said: In future development, we should devote our efforts to solving the problem of uneven economic development in the province. We should change the state of increasingly uneven development; solve the problem of feeding and clothing 7 million people; quicken the pace of shaking off poverty; cultivate new pillar industries; continue building infrastructure; eliminate factors that hinder the province's economic development; find new financial sources; further emancipate our minds; and improve both tangible and intangible conditions for opening up to the outside world.

Zhao Shaomin, deputy director of the provincial party committee's propaganda department and executive vice president of the provincial party committee school, chaired the reporting meeting.

### North Region

#### State Council Reports on Beijing Fixed Assets

SK2908023795 *Beijing BEIJING RIBAO in Chinese*  
28 Jul 95 pp 1, 3

[Unattributed report: "The State Council's Fixed Assets Investment Work Group Winds Up Inspection in Beijing"]

[FBIS Translated Text] From 21 to 26 July, the State Council's Fixed Assets Investment Work Group, headed by Guo Shuyan, head of the Group and deputy director of the State Planning Commission, conducted inspection on Beijing's situation of fixed assets investment in the first half of this year. Days ago, Li Qiyang, mayor of the municipal government, Zhang Baifa, executive vice mayor, and others conscientiously listened to the opinions and suggestions posed by the Work Group, and they held that they will take further steps in increasing the momentum of macroeconomic regulation and control, strictly control the scale of Beijing's fixed assets investment, and promote Beijing's economic construction to develop healthily.

During its stay in Beijing, the Work Group did a lot of work and made the best use of their time. They listened to the report of the municipal planning committee, investigated and understood the situation of new Beijing projects in the first half of this year, and made spot

checks on 20 new projects with over 5 million yuan each in investments, 10 for the central government's and 10 for the locality's. They conducted investigation and study on Beijing's extra-budgetary funds and bank loans used in fixed assets investment. They listened to reports on the development of real estate, and the relevant situation of the development zones and the small industrial zones, and they also made inspection on the three newly-started projects at the Zhuangsheng Plaza in Xuanwu district and the Beijing economic and technological development zone.

Guo Shuyan held: Generally speaking, the Beijing Municipality followed the requirements of the party Central Committee and the State Council and did a lot of work in strengthening macroeconomic regulation and control over the fixed assets investment, including a series of positive measures taken to arrange plans in strict accordance with the investment scale posed by the state at the beginning of this year, to strictly check the number of new started projects, to amass funds to guarantee the key construction, to strengthen control over the funds resources, and to improve the management over real estate. While some results were achieved, however, there were also some problems that needed improvement. He pointed out: In the first half of this year, the investment scale of some of Beijing's state-owned units declined by a large margin as compared with that of the corresponding period last year, though its growth rate was still on the high side. The fund resources of the newly-started projects were fairly guaranteed, and basically conformed to the relevant regulations. The problem is that, while the investment scale is on the large side, its structure is not very reasonable. The fixed assets investment with the use of the extra-budgetary funds of local finance has basically been laid in the right direction. The problem lies in that the extra-budgetary funds are managed and arranged by several units at present, and this is not advantageous to the overall arrangement and use of funds. Since the beginning of this year, banking institutions in Beijing have strictly followed the scale posed by the state on arranging the loans on fixed assets. No unplanned loans or random borrowing was found. However, all kinds of construction projects were in serious arrears in construction fees, and this indirectly crowded out fixed assets investment with circulated funds by production enterprises. Fairly good results was achieved by Beijing in managing the development zones. However, there are numerous small industrial zones, and they are lacking in coordination and management. In certain cases, zones and counties did things in their own way and fought for new projects and investment. With few investment projects, some of the small zones had fairly little output value and profits and taxes, and efficiency was not ideal. Some of the small zones could



not even begin operations due to a shortage of funds. In Beijing's real estate development, domestically funded projects were mostly for general households and this trend has become normal, but investments in medium and high-level real estate projects remained on the high side. There has been an excessive number of villas.

Guo Shuyan hoped the municipal government and the relevant departments could, in line with the characteristics and problems of Beijing's investment and construction, take more effective measures, strictly check the new projects, and adjust the rights of the districts and countries to examine and approve projects in the next half of this year. Control over fund resources should be strengthened. Funds should be amassed to guarantee key construction. Further steps should be taken to strengthen management and guidance over real estate. All kinds of small industrial zone should be sorted out and their management should be improved.

Li Qiyang extended gratitude for the opinions and suggestion posed by the Work Group. He held: The Work Group did a lot of work through listening to reports, investigating, studying on location, and conducting a comprehensive analysis. The Work Group not only affirmed our results, but also pointed out problems by seeking truth from facts. We were made to perceive the insufficiency of Beijing Municipality in controlling the scale of the fixed assets investment and strengthening macroeconomic regulation and control. This greatly promoted our endeavor of further carrying out the central authority's principle on strengthening the macroeconomic regulation and control as well as the series of instructions on the work of Beijing, in implementing the State Council's circular urging efforts to strictly check the projects of developing the high-class real estate. It also played an important role in the healthy development of Beijing's economic construction.

Li Qiyang held: Beijing Municipality has taken measures to check the scale of fixed assets investment and strengthened macroeconomic regulation and control, but the momentum has not been sufficient. The opinions and suggestions of the Work Group will be of great help to us. We should further upgrade the understanding of governments of all levels and functional departments; further correct guiding thoughts; stipulate effective measures, specific targets and rules; and strictly implement them in the next half of this year. Being the capital, Beijing will remain politically highly consistent with the party Central Committee with Comrade Jiang Zemin as the core, strictly control the scale of the fixed assets investment, strengthen the macroeconomic regulation and control, and achieve the goal of price index control.

#### **Booming Coal Sector Expands Shanxi Economic Base**

OW2508110995 Beijing XINHUA in English  
0859 GMT 25 Aug 95

[FBIS Transcribed Text] Beijing, August 25 (XINHUA) — Shanxi Province in north China has provided 26 provinces and municipalities with 1.3 billion tons of coal over the past five years, making it the country's major coal production base with numerous large and medium-sized coal mines.

Some 30 percent of the province's revenue are generated by the coal sector, according to local officials.

Not surprisingly, the booming coal sector has also stimulated the provincial power industry, and Shanxi now has 4 large-scale power plants each with a generating capacity of one million kw., making the province one of the country's largest power producers.

According to local officials, nearly a dozen power plants in the province are being built or refurbished, and officials predict that by the turn of the century, Shanxi will be able to provide 10 million kw to the power grids in the Beijing-Tianjin-Tangshan area, and in Hebei Province and elsewhere in north China.

They say that the chemical fertilizer and metallurgical industries are showing strong growth in taking advantage of the province's abundant coal and power supplies, and the province has developed nearly one hundred chemical fertilizer plants, producing 1.2 million tons of synthetic ammonia annually. The province also turns out 3 million tons of iron and steel annually.

#### **Zou Jiahua Tours Qinghai 22-26 Aug**

SK2908020895 Xining Qinghai People's Radio  
Network in Mandarin 2300 GMT 27 Aug 95

[FBIS Translated Text] During his inspection tour to Qinghai Province, Zou Jiahua, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, pointed out: Qinghai has great potential for economic development. In formulating the Ninth Five-Year Plan, the central authorities will adopt measures to further develop the economy in the central and western regions.

Accompanied by Yin Kesheng, secretary of the provincial party committee, and Governor Tian Chengping, Zou inspected Golmud city, (Jingyuan) city in Huangnan Autonomous Prefecture, and Hainan Autonomous Prefecture on 22-26 August. During his inspection, Zou pointed out: Qinghai has a vast territory, rich natural resources, and scarce population, with great potential for economic development. Qinghai is richly endowed

by nature with plenty of water areas and of mining, animal husbandry, and tourist resources, having great advantages and characteristics. The 16-point economic development principle formulated and implemented by the Qinghai provincial party committee and government on reform, opening up, ending poverty, becoming prosperous, developing natural resources, and invigorating Qinghai is correct and conforms to Qinghai's reality.

Zou said: In the course of economic development, it is necessary to pay special attention to achieving an even and coordinated economic development. In economic development, all localities, especially the western region, should integrate needs with the market, with natural resources, and with possibility. The foundation of the state's all-directional and comprehensive economic development is established on the economic development foundations of all provinces. Therefore, the economy of the western region should be established on the foundation of its own advantages and local distinct features. Qinghai has the advantages of abundant water areas, potassium fertilizer, and animal products which should be vigorously and rapidly developed with great determination.

Zou emphatically pointed out: In economic development, Qinghai should exert efforts to study the market. In developing any industry, it is necessary to have market, find out the market for products, study both the hidden and the macro markets, and vigorously develop new markets. Qinghai boasts rich natural resources. To find markets, Qinghai should mainly form its basis on developing markets in the central region and in economically developed regions. In determining items and developing products, Qinghai should pay attention to integrating the market with natural resources, and products with the market. While formulating the Ninth Five-Year Plan, the central authorities have consolidated the economic development of the central and western regions. Accelerating economic development in the central and western regions is one of the very important aspects of the state's Ninth Five-Year Plan. The central authorities have vigorously advocated economic cooperation in the eastern and western regions and encouraged the eastern region to take the initiative in seeking cooperative partners in the western region and to participate in developing resources. The central and western regions should also take the initiative in publicizing their advantages and characteristics in the eastern region, strive to take advantages of each other's strengths, and promote joint development in the eastern and western regions.

In referring to development in the Qaidam Basin, Zou said: The Qaidam Basin has the rich resources of

salt lakes, petroleum, and natural gas. It is a treasure bowl with great prospects for development. Through the painstaking and pioneering work of the people of several generations, the Qaidam Basin has a fairly good foundation for developing natural resources, and time is ripe for large-scale development. In developing the Qaidam Basin, it is necessary to give prominence to advantages and characteristics. The potassium industry is the advantage and characteristic of Qinghai's Qaidam Basin. Qinghai people should closely rely on this advantage and characteristic, and use the potassium fertilizer to develop a series of industries related to saline chemical industry. In the course of development, it is necessary to combine products with the market and apply the achievements of scientific and technological enterprises to products, realistically convert the advantages of natural resources into industrial advantages, and rapidly turn Qaidam into China's potassium fertilizer industrial base.

During his inspection to Qinghai, Zou successively traveled to the construction sites of (Gaza) hydroelectric power station and Longyangxia hydropower plant to conduct conscientious inspection, and offered specific views for developing hydroelectric power stations on the upper reaches of Huang He in a snowball-rolling manner.

During his inspection tour to Qinghai, Zou also listened to Comrade Yin Kesheng's briefing on the relevant situations, Comrade Tian Chengping's briefing on Qinghai Province's basic conditions and the ideas for the Ninth Five-Year Plan and the long-term plan to be implemented until 2010, and Comrade Wang Hanmin's briefing on developing the Qaidam Basin's resources.

Zou also introduced to leaders of the five provincial leading bodies and responsible relevant departments' comrades the major content of the Ninth Five-Year Plan which is being formulated by the central authorities, and gave specific views on accelerating Qinghai's economic development.

Also accompanying Zou were Ye Qing, vice minister of the State Planning Commission, Song Ruixiang, minister of geology and mineral resources, and Gu Xiulian, minister of chemical industry, (Shi Liuhai), vice president of the State Development Bank and secretary of the leading party group, and leaders of relevant departments and commissions.

**Taiwan Shipping Delegation Arrives in Guangzhou**

OW2508140595 Beijing Central People's Radio  
in Mandarin to Taiwan 2200 GMT 21 Aug 95

[From the "News and Current Events" program]

[FBIS Translated Text] An 18-member delegation from Taiwan arrived in Guangzhou on 20 August for an inspection tour of mainland ports. The delegation comprises people from Taiwan's shipping administration departments, port affairs departments, and shipping industry.

(Zhu Yuyi), head of the delegation, noted that the opening of cross-strait air and shipping services was the common aspiration of both sides. During his meeting with and reception for the Taiwan delegation on the evening of 20 August, Guangzhou Vice Mayor Liu Jinxiang stated: Guangzhou is a port city. It is hoped that people from relevant industries on both sides of the Taiwan Strait will conduct more exchanges and jointly develop the shipping industry. Guangzhou is ready to open shipping services with Taiwan's ports at any time.

**Cross-Strait Fungi Seminar in Kunming Closes**

OW2508162795 Beijing XINHUA in English  
1545 GMT 25 Aug 95

[FBIS Transcribed Text] Kunming, August 25 (XINHUA) — A five-day academic seminar on Fungi, participated by scientists from both sides of the Taiwan Straits, ended in this capital of Yunnan Province today.

China may have the largest varieties of fungi in the world — as many as over 250,000, according to experts attending the seminar, which was held under the auspices of the China Society of Fungus Science and Yunnan Agricultural University.

However, less than 10,000 of these varieties have been verified, said a source at the seminar, to which 85 attending experts and professors submitted 93 theses.

During their stay here, the experts and professors from Taiwan visited the Kunming Institute of Botany under the Chinese Academy of Sciences, the Tropical Botanical Gardens in Xishuangbanna and a key laboratory dealing with plant diseases.

This is the second time that the seminar, held every two years, has been jointly sponsored by the mainland and Taiwan. The first was held in Taiwan's Taichung City in 1993, and the next one will also take place in Taiwan in 1997.

**Editorial Views Taiwan Independence**

HK2908021095 Hong Kong WEN WEI PO in Chinese  
23 Aug 95 p A2

[Editorial: "Creating Momentum for 'Taiwan Independence' Is Doomed To Failure"]

[FBIS Translated Text] Li Teng-hui's moves to pursue "Taiwan independence" not only have been severely attacked by the Chinese people both at home and abroad, but also have been criticized by the people and healthy political forces on the island. Amid anti-Li voices, Li Teng-hui's attempt to run for re-election also has been strongly opposed by Kuomintang (KMT) members.

At yesterday's Second Plenary Session of the 14th KMT Central Committee, in order to create momentum for "Taiwan independence" in discussing the nomination and election procedure, Li Teng-hui, Lien Chan, and others crazily peddled the idea of "Taiwan independence" by confusing right and wrong, and by making false accusations in an attempt to embolden themselves and to deceive the Taiwan people.

Li Teng-hui said the mainland must completely eliminate all improper moves that hurt the 21 million Taiwan people in order to create conditions and establish mechanisms for peaceful reunification. Li noted that he will never give up efforts to expand Taiwan's "international space for survival" and pursue "pragmatic diplomacy." He also will make efforts to "return to the United Nations." Lien Chan also vowed to beef up Taiwan's armaments in a bid to maintain the balance of military power across the strait and to force the mainland to abandon the idea of using force against Taiwan.

The clamor by Li Teng-hui and his ilk shows that they are sliding further down the dangerous road to "Taiwan independence." Their moves have contravened the interests of the Chinese nation as a whole, including Taiwan compatriots. While Li Teng-hui was clamoring for "Taiwan independence" at the assembly hall, some Taiwan people demonstrated outside, furiously shouting such slogans as "Li Teng-hui is a traitor" and "Li Teng-hui must step down." These slogans are the response to Li Teng-hui's idea of "Taiwan independence."

Li Teng-hui smeared the mainland as having "hurt the feelings of Taiwan compatriots." This is a trick of thief crying "stop thief." Who on earth has hurt the feelings of the Chinese people as a whole, including Taiwan compatriots? In his talks with Ryotaro Shiba, Li Teng-hui fulsomely praised Japan's aggression against China and its colonial rule in Taiwan. This has not only grievously hurt the feelings of Taiwan compatriots, who indomitably resisted the colonial rule for half a century, but also profaned the spirits of tens of



millions of Chinese people who sacrificed themselves in resisting Japanese aggression and who were massacred by Japanese troops. Li also has served as a pawn for other countries to "encircle and check [wei du 0954 1035]" China, and he has colluded with them in an attempt to contain the development and rejuvenation of the entire Chinese nation. His moves to pursue "Taiwan independence" are closely in line with the Western anti-China forces, which have advocated "containment of China" and "encirclement and checking of China" in recent years. It is precisely Li's "improper move" to split the motherland and insult his nation that has hurt the national feelings of the people on both sides of the strait as well as overseas Chinese. Yet he falsely accused the mainland in an attempt to shift the blame.

To create conditions and establish mechanisms for peaceful reunification are pressing matters for both sides. The mechanisms and conditions are that the Taiwan authorities must pledge that "there is only one China" and that Taiwan will not engage in any "independence" activities. However, Li Teng-hui continues to advocate the expansion of Taiwan's "international space for survival" and the pursuit of "pragmatic diplomacy," and to call for Taiwan's "return to the United Nations." These moves to create "one China, one Taiwan" or "two Chinas" have seriously damaged the conditions and mechanisms for peaceful reunification. On the question of Taiwan's international space for survival, even Li Teng-hui himself admitted that Taiwan today maintains very close economic and trade relations and has cultural exchanges with many countries. China does not object to Taiwan's developing non-governmental economic and cultural relations with other countries. In his speech on the eve of the Spring Festival this year, President Jiang Zemin called on the mainland agencies abroad to forge closer ties with Taiwan compatriots, take good care of their interests, and help them resolve problems. This illustrates that the Taiwan compatriots not only have sufficient international space for survival, but also have received the warmth and care of the motherland. Li Teng-hui's "international space for survival" means peddling "two Chinas" or "one China, one Taiwan" in the international community, and seeking international recognition of "Taiwan independence." To this end, he has done his utmost to pursue the so-called "pragmatic diplomacy" and wrap it up in a new guise, such as "alumni diplomacy," "ceremony diplomacy," "sports diplomacy," and "vacation diplomacy."

They remain essentially the same despite all apparent changes in name. That is, he has used the money the Taiwan people have earned through hard toil to pave the way for engaging in "Taiwan independence" activities that have undermined the fundamental interests of Taiwan compatriots. Li Teng-hui's vow to "return to the United Nations" means that he will not hesitate to squander Taiwan people's money or to use all possible means to prepare public opinion in the international community for "Taiwan independence." These moves not only have cost Taiwan a huge fortune, but also have run counter to the one-China principle and the desire of compatriots on both sides to pursue the goal of peaceful reunification.

Both Li Teng-hui and Lien Chan vowed to maintain the balance of military power across the strait by expanding Taiwan's armaments so that the mainland will renounce the use of force against Taiwan. This shows that to counter the trend of peaceful reunification, Li Teng-hui, who stubbornly clings to the idea of "Taiwan independence," will not hesitate to wantonly build up military power and make a reckless move. To fulfill his long-cherished dream of "Taiwan independence," he has accelerated Taiwan's armament expansion in recent years, and has used large sums of money to buy planes and rent warships. Since May this year, in particular, he has conducted military maneuvers in the Taiwan Strait in an attempt to flaunt military might. He even instigated the Taiwan military to wantonly kill mainland fishermen who was carrying out normal operations, heightening the hostilities between the two sides. Taiwan's armed confrontation is bound to forfeit its prosperity and stability, and to seriously damage the happiness of the Taiwan people. If he stakes the security of Taiwan compatriots by binding them to a chariot, he will be like a mantis trying to stop a chariot, and will end up bringing disgrace and ruin on himself.

Li Teng-hui and others have been besieged by all sides. A number of KMT members have made it clear that they are opposed to Li's candidacy for re-election. The Taiwan media even pointed that: Only some treacherous officials who follow Li Teng-hui are engaged in the farce of "persuading Li to run." It is thus clear that the Chinese people as a whole, including Taiwan compatriots, do not allow anyone to pursue "Taiwan independence."

**Official: Mainland's Exercise 'Virtually Ended'**

OW2808112695 Taipei LIEN-HO PAO in Chinese  
25 Aug 95 p 1 TEXT:

[FBIS Translated Text] A relevant official from the Ministry of National Defense pointed out: Thanks to bad weather caused by Typhoon Janis, which is moving about in the East China Sea near the Chinese Communist navy's exercise zone, the naval exercise has virtually ended. We expect that the Chinese Communists will move on to the next phase, and our armed forces are keeping their eyes on them.

**Official Expects Announcement on 3d Exercise**

OW2908112095 Taipei LIEN-HO PAO in Chinese  
26 Aug 95 p 3

[FBIS Translated Text] The Ministry of National Defense [MOND] made no comment on the Chinese Communists' announcement that the exercise in the East China Sea has ended. However, a relevant official said the Chinese Communists are expected to announce a third military exercise in the near future to continue putting psychological pressure on us. Our armed forces are closely watching the Chinese Communist troop movements.

According to military personnel, this exercise conducted by the Chinese Communists was mainly to launch anti-ship missiles from naval vessels. It was supplemented by simulated air-ship confrontation with support by fighters of the Navy's air unit. Most of the launched missiles were ship-to-ship antiship missiles and some were antiship missiles and ship-to-air missiles. As for fleet maneuvers, there were route drills and navigational formation training.

It has been pointed out that according to our observations, there was nothing special in this exercise in terms of its scale and subjects. There should be no doubt that it was an annual, routine exercise. Our navy has frequently conducted exercises of this kind. However, there were three pointed differences: 1) The off-limits area was made public; 2) the exercise zone was only some 100 kilometers off Taiwan, or 61 kilometers off Tungyin; and 3) compared with ordinary exercises, more missiles were launched during this exercise.

Although this exercise was conducted within the limits announced by the Chinese Communists and posed no direct military threat to Taiwan and its offshore islands, our armed forces have heightened vigilance to guard against sudden changes. Meanwhile, troops stationed on offshore islands did not repel mainland fishing boats approaching our coast with shots as usual to avoid expanding the incidents.

The mainland made it publicly known through Hong Kong that the Chinese People's Liberation Army [PLA] will not endure our troops' repelling mainland fishermen with shots, adding that the PLA will take measures and will "never be softhearted" if such an incident happens again. Since our troops stationed on offshore islands, who are bound to defend our territory, are unable to anticipate whether mainland fishing boats have bad intentions, repelling mainland fishing boats with shots not aimed at fishermen and boats is a necessary means of just defense. According to military personnel, there is great disagreement between the two sides on this issue, and this is likely to become an incident which may touch off future disputes.

**Exercises To Include U.S.-Made Aircraft**

OW2908023695 Taipei CNA in English  
0142 GMT 29 Aug 95

[By Maubo Chang]

[FBIS Transcribed Text] Taipei, Aug. 28 (CNA) — Defense Ministry officials confirmed Monday that the Huashin military exercises will be staged on Oct. 5 at the Tzuoying Navy Base, and President Li Teng-hui and lawmakers will be invited to inspect.

Defense officials said that more than 12,000 "grass roots" officials will be invited in three groups to witness the three rehearsals of the exercises before Oct. 5.

The Defense Ministry said it will display its most advanced weapons during the exercises to strengthen the confidence of the people in the military. President Li will inspect the Perry and Knox class frigates, which are the backbone of the navy's 2nd generation warships.

The E-2TP airborne warning and control system aircraft purchased from the U.S. not long ago, as well as the 2nd squadron of indigenous defense fighters to enter service soon, will also take part in the exercise.

**Ministry on Tarnoff Trip, Jiang-Clinton Meeting**

OW2908023095 Taipei CNA in English  
0125 GMT 29 Aug 95

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, Aug. 28 (CNA) — U.S. Undersecretary of State Peter Tarnoff concluded a three-day visit to Mainland China Sunday [27 August], and a Foreign Ministry official here said that both countries again merely stated their positions on the Taiwan issue.

"No new ideas were presented or discussed during the talks between Tarnoff and Mainland Chinese Foreign Minister Qian Qichen," the ROC [Republic of China]

Foreign Ministry official said, citing foreign wire services.

During his three-day stay in the mainland, Tarnoff met with Qian and Mainland Chinese Vice Foreign Affairs Minister Li Zhaoxing in the second high-level meeting aimed at improving ties since U.S. Secretary of State Warren Christopher visited Brunei on Aug. 1.

Bilateral ties between the U.S. and the mainland turned sour after Washington allowed ROC President Li Teng-hui to make a landmark "private" visit to the U.S. in June. Despite Washington's repeated assertion that the Clinton administration will continue to abide by the "one-China policy," Beijing considered the visit evidence of U.S. support for an independent Taiwan movement.

"The purpose of the subsequent meetings," the official said, "is to resume mutual trust."

But he emphasized that the U.S.'s China policy cannot possibly make any substantial changes when President Bill Clinton will reportedly meet his Mainland Chinese counterpart, Jiang Zemin, in October.

The official said it is still not clear whether Jiang will visit the U.S. as the "head of state," adding that it seems unlikely Jiang will visit in his capacity as the highest leader of Mainland China when Beijing's human rights policy and nuclear proliferation remain Washington's major concerns right now.

However, the official said Jiang would be the biggest beneficiary of the Clinton-Jiang rendezvous. "Once they meet, Jiang will be the first Mainland Chinese president to meet the U.S. president since the 1989 Tiananmen Square incident," the official said, adding that it would help Jiang to stave off pressure from the communist hard-liners.

#### **Lien Views 'Win-Win Relations' With Mainland**

*OW2808115195 Taipei CHUNG-YANG JIH-PAO in Chinese 25 Aug 95 p 3*

[FBIS Translated Text] Premier Lien Chan said yesterday the Chinese Communists have continuously conducted missile and artillery tests in the East China Sea recently. They should restrain themselves and stop holding exercises, so that the two sides across the straits can continue peaceful exchanges and so that peace and security can be maintained in the Asia-Pacific region. Premier Lien also emphasized that it is our hope to establish win-win relations with the Chinese Communists, step by step.

Premier Lien made these remarks when meeting with an eight-member U.S. delegation yesterday, including U.S.

Representative [Peter T.] King [R-NY] and his wife. Since most of the guests were visiting Taiwan for the first time, Premier Lien first gave a brief explanation of the concept of the so-called "one China" during the meeting.

Premier Lien said: Both sides of the strait recognize that "there is only one China"; however, the Chinese Communists declare that this "China" is "the People's Republic of China [PRC] and that Taiwan is a part of the PRC. In our opinion, this China is divided and under separate jurisdictions for the time being. This fact cannot be denied, and the international community should have a correct understanding of this issue."

Also present at yesterday's meeting were Tu Chu-sheng, director of the Ministry of Foreign Affairs' North America Department, and American Institute in Taiwan Director General Lynn Pascoe.

#### **Official Seeks To Ease Ties 'Despite Tensions'**

*OW2808145495 Taipei CNA in English 0857 GMT 28 Aug 95*

[By Peter Chen]

[FBIS Transcribed Text] Sydney, Aug. 27 (CNA) — Taiwan will continue easing relations with Mainland China despite tensions arising from Beijing's recent missile and artillery tests in the East China Sea.

Yeh Chin-fong, vice chairman of the Mainland Affairs Council, said the exercises made many Taiwan businessmen nervous, putting on hold a number of mainland-bound investments.

"Our businessmen are worried about the current tension between the two sides of the Taiwan Strait. But our government has not discouraged our businessmen to make investments in the mainland. They acted with their own judgment," Yeh said in an interview with CNA.

"Our government's policy toward Mainland China has not changed at all," she added.

Yeh Sunday made a special report on the current state of relations between Taiwan and Mainland China at the 13th San Min Chu Yi Great Union Conference in Sydney.

More than 200 overseas Chinese from Australia, New Zealand, Tahiti, Fiji and Guam attended the one-day meeting.

Yeh said Taiwan will not change its goal of seeking reunification with Mainland China, but will at the same time seek to increase Taiwan's participation in the world community.



"We will seek better relations with other countries because we want to play a role in contributing to the international community," she said.

She said seeking better ties with other countries that have no diplomatic relations with Taiwan does not contradict the ROC's [Republic of China] policy of seeking reunification with the mainland.

She said Beijing has to understand this and manage ties with Taipei reasonably.

Also speaking at the meeting, Chang Hsiao-yen, minister of the Overseas Chinese Affairs Commission, said Taiwan's economic and political developments are due to the application of the San Min Chu Yi philosophy, written by the founding father of the republic, Dr. Sun Yat-sen.

"We owe much of our success in economic development and democracy to the three principles of the people," he said. "San Min Chu Yi is the book which has changed the face of our country," he said.

"We hope this book will be used by Mainland China to help their economic and political reforms so that they can be as successful as we were in economic development and democratization," he said.

#### MAC To Ease Restrictions on Trade Officials

OW2808111395 Taipei CNA in English  
1004 GMT 28 Aug 95

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, Aug. 28 (CNA) — The cabinet-level Mainland Affairs Council (MAC) decided in a meeting Monday to ease restrictions on Mainland China trade officials visiting Taiwan.

MAC officials said that Mainland Chinese officials will now be able to visit Taiwan at the invitation of provincial level or city trade organizations under the supervision of the Ministry of Economic Affairs and MAC. Previously, officials could only visit at the invitation of national trade and industrial organizations.

The number of mainlanders allowed to visit will also be increased from three persons at a time to 10, with a total of 30 visitors allowed per organization per year.

MAC officials also discussed increasing the number of imports allowed from Mainland China. Those mainland products that were barred from import to Taiwan due to inspection, quarantine problems or ill-effects on Taiwan industries can now apply for import to Taiwan.

MAC will also simplify import and customs clearance procedures for mainland products, as well as allow a number of products for import free of approval. Those

products that have mainland logos will also be allowed in by local importers, and the logos will be removed if they are deemed to have no connections with Beijing's united front efforts.

#### Kao Clarifies SEF's Future Role, Status

OW2908030895 Taipei CNA in English  
0158 GMT 29 Aug 95

[By Bear Lee]

[FBIS Transcribed Text] Aug. 29 (CNA) — The role of the Straits Exchange Foundation (SEF) as the major Taiwan negotiator in talks with Mainland China will gradually be replaced by officials in charge of mainland affairs in various government departments, Mainland Affairs Council Vice Chairman Kao Koong-lian said Monday [28 August].

Kao told the press that the change is to be made in line with Premier Lien Chan's call for a "dialogue era" of relations between Taiwan and the mainland.

He said that the SEF will in the future focus on promoting cross-strait exchanges.

SEF, founded in 1991 as the Taiwan's intermediary body in handling civilian exchanges with the mainland, has so far held several rounds of talks with the mainland's Association for Relations Across the Taiwan Strait (ARATS), signing several agreements.

[passage indistinct] said that several government officials took part in the last Taiwan-mainland talks on technical issues, held in Taipei last May, in their capacity as SEF advisers, and the "formula will be followed in the future."

However, Kao added, the role of government officials in the talks will not necessarily mean that Taiwan will begin official contact with the mainland, which is still banned at the moment under the national unification guidelines.

Concerning local news reports that the cabinet is considering upgrading MAC status to a "super-ministerial" body to enhance its operation, Kao clarified that the MAC was established with the aim to "coordinate" various government ministries with regard to mainland issues, and therefore, the MAC is just an "inter-ministerial" body.

Kao, however, said the MAC will add more employees and researchers in order to streamline its operations.

**Li Addresses Democracy Conference**

OW2808122395 Taipei CNA in English  
0220 GMT 28 Aug 95

[FBIS Transcribed Text] Taipei, August 27 (CNA) — The following is the full text of President Li Teng-hui's speech delivered at the International Conference on Consolidating the Third Wave Democracies, titled "Democracy in the ROC [Republic of China]: Drawing New Vitality From Cultural Regeneration."

It is my honor to be with you today in Taipei at the opening ceremony of the international conference on consolidating the third wave democracies, hosted by the institute for national policy research of Taipei and the national endowment for democracy of Washington, D.C. This significant conference brings together political leaders and distinguished scholars from nearly thirty nations who share a keen interest in the noble cause of democracy to meet with experts in the ROC and share views on the practices of democracy for the next four days. On this auspicious occasion, on behalf of the government and people of the Republic of China, I would like to express my heartiest felicitations on the holding of this important conference and my sincerest welcome to those distinguished guests from afar.

Last year, former Soviet President Mikhail Gorbachev accepted an invitation to visit the ROC. During my meeting with him, we exchanged views on reforms in the former Soviet Union. I stated then that political and economic reforms are simultaneous equations with two unknowns. What I meant was that political and economic reforms are mutually indispensable; it is difficult to get anywhere by focusing on either one alone. Which equation should be solved first depends on the conditions and problems of each country. For the Republic of China on Taiwan, economic reforms clearly led the way while political reforms just fell into place when the time and conditions were right.

Indeed, political reform or development can not depend solely on economic improvements for support, but must be determined by each individual situation. What we call political reform or development is an enormously complex social project that not only involves all sorts of social organizations and forces but also is intimately bound up with cultural heritage. In every society, cultural influences political development to one degree or another. Another can be compared to the  $x$  in  $f(x)$ ; that is to say, a different cultural heritage will result in a different political development or outcome.

Scholars explaining China's political development from a historical or cultural standpoint have generally been enamored of constructing their theories with historical data to explain current political issues and predict fu-

ture directions. For instance, some scholars contend that China could not possibly break away from authoritarianism in her political development, because Chinese society has traditionally valued authority, is strongly group-oriented, lacks individualism, and does not respect human rights. While this kind of opinion can of course be analyzed in depth as an academic issue, it must also be able to provide a reasonable interpretation of the actual situation before it can be acceptable. Clearly most past observations based on traditional Chinese history and culture cannot adequately explain Taiwan's political development over the last five years. Therefore, we must first sort out the actual facts of a nation's political development and then study its cultural heritage before we can somewhat objectively determine the links between the two.

Of course, the determinants of successful political reform of development are highly complex. We cannot take cultural heritage as the only important factor. Probably most political scientists would admit that the political order is not just an abstract concept. For example, although democracies share certain core principles in common, there are differences — and not so minor ones at that — in actual substance and manner of implementation, even among Western Europe and the United States, which are culturally rather similar. These institutional differences follow precisely from differences and historical conditions and cultural traditions of each country or society. Therefore, I would like on the occasion of this academic seminar, to offer our political reform and development here in the Republic of China on Taiwan as an example, I present a historical and cultural explanation instead of an economic interpretation. Please then share with me your learned views on its academic merits.

The Republic of China on Taiwan is a part of the greater Chinese cultural system. For two millennia, the Chinese political order involved a government of centralized power headed by an emperor. It lacked Western-style democracy and a parliamentary system. These are all facts of history. Following the war of resistance against Japan from 1937 to 1945, the Chinese Communist Party rebelled and the ROC Government in 1948 promulgated the temporary provisions effective during the period of Communist rebellion. The following year, the ROC Government relocated to Taiwan. Because of Communist threats, the temporary provisions remained in effect for 43 years before they were abolished in 1991. These provisions restricted the rights given to people by the ROC Constitution, leaving the Republic of China in a state of war under martial law.

However, in less than five years since the lifting of the temporary provisions, the ROC has carried out a se-

ries of political reforms, including amendments to the Constitution; termination of the period of national mobilization for suppression of the Communist rebellion; retirement of all members of the first National Assembly, Control Yuan, and Legislative Yuan; elections for all seats in the three parliamentary organs; and passage of laws governing the popular election of governor of Taiwan Province and mayors of Taipei in Kahosiung Special Municipalities, as well as the direct election of the president and vice president. The Republic of China has thereupon become a democratic country in which "power lies with the people."

To date, the Republic of China is moving toward democracy without absolute political authority or an unreasonable political monopoly. Many different political views coexist in our society, resulting in the formation of political parties, which have basically been able to maintain rationality and compete fairly and reasonably to win the support of the people. ROC citizens have also been able to exercise their freedom within the scope of the law. The ROC has created not only an "economic miracle," but also a "political miracle," which some have termed a "quite revolution."

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Despite the cumbersome two-thousand-year legacy of an imperial system and the tribulations of more than forty years of Communist rebellion, the Republic of China has managed to complete this historical task of political re-engineering peacefully. This fact deserves the attention of scholars in the humanities and social sciences. I believe that there are many levels of reasons for this success, and that the factors at each level play a necessary role. I would now like to take a look at the influence that ancient political philosophy has had on our nation's political development in terms of what Chinese culture says about the relations between the government and the people.

Democracy is a political system where the public is the principal political entity. Its ultimate goal is to create the greatest well-being for the people. Although this precept has been realized in a variety of forms through the ages, none has deviated from the principle of "power lies with the people," the sine qua non of democracy. However, there is a certain disparity between the precept of democracy and its political manifestations. Once mankind began to form large and more complex social



groups, public matters were increasingly shouldered by a few people since they could not be handled by all group members. Put another way, the minority became rulers while the majority became the ruled. The rulers had power and dominated more and more resources, while the opposite was true for the ruled. Theoretically, this was a virtually avoidable direction for various forms of political orders to take.

Since it is impossible for people to directly manage national affairs, republican nations that have emerged from monarchical rule have only been able to implement what is called indirect democracy. Reasonably defining the relationship between a government, which has public authority and carries out public business, and the people to whom sovereignty belongs, is a topic of concern to us all.

Like other political systems, the world's democracies of today are the result of historical development, and perhaps no two countries are exactly alike in this respect. For some countries that are more democratically mature, the developmental process has been mild; for others, it has been fairly drastic. But the basic concept of democracy has invariably developed from an antagonistic relationship between the people and their government. Since Western democracies have generally developed from monarchies, it is natural that antagonism would have risen when the people struggled to gain power from the monarch. Therefore, a discussion of the nature of democracy must be grounded in the historical background of each country.

Looking back at the historical experiences of Western Europe, the governed attempted to gain more power from the government through various means. In the course of their struggle, some kings were sent to the guillotine, some went into exile and some were reduced to rulers in name only. The ultimate result was invariably that the people were elevated to the status of the masters of the country. Contemporary democratic development in Europe shows that the milder the people's fight for power, the slower but stabler was the transformation of the national political institution and system. Conversely, the more intense the struggle, the more rapid and turbulent the transformation. This later course produces a far greater social impact than the former.

Among many documents that carry such political philosophy, the foremost one was found in the era of King Yu of the 21st century B.C. Kao Tao, who was in charge of legal affairs, admonished King Yu, saying: "Heaven can see and hear, and does so through the eyes and ears of the people; heaven rewards the virtuous and punishes the wicked, and does it through the people." A similar

phrase was used in the 11th century B.C., when King Wu of the Chou Dynasty sent troops to suppress the tyrannical King Chou of the Shang Dynasty.

In my speech this past June at Cornell University, I specially noted the ancient teaching, "Whatever the people desire, heaven must follow." This utterance was said to be the oath taken by King Chou's troops before going to war in the 11th century B.C. It is similar in meaning to what Kao Ta had said to King Yu, yet has more positive significance. As heaven conforms to the popular will and the popular will finds a respondent, the people become more assertive; it is not just a passive reflection of popular will.

In the third century B.C., Mencius also said: "Give the people what they desire; never force upon them that which they abhor." By doing so, one can win the hearts on the people and their support, and thus, an opportunity to rule. Therefore, ancient Chinese wisdom reminds rulers to always pay close attention to the will of the people and comply with the popular will, which is in fact the realization of the concept of popular sovereignty.

The government and the people are a symbiotic unity — this is also a long-standing political precept of our nation. Ancient Chinese political philosophers believed that the government and the people are a harmonious unity, rather than an antagonistic duality. In the seventh century B.C., an official historian of the Chou Dynasty quoted the Book of Hsia: "If the people don't support their monarch, whom should they support? If a monarch doesn't have the support of the people, he can't secure his realm." A similar declaration can be found in the Book of Shang.

"Following the hearts of the people," an idea contained in the ancient Chinese Book of History, could also serve as a succinct statement of the essence of modern democracy. This kind of precept for the head of a nation was widely prevalent in ancient Chinese culture. This amply proves that the political thought of the time basically affirmed that the ultimate objective of politics was to fulfill the wishes of the people, just as a similar function for the government is stressed by democratic thought today.

The Republic of China on Taiwan's political reform in the past five years could be termed quite dramatic and rapid, in terms of either their two thousands years of Chinese society or the eighty-some years of ROC history. Moreover, the price have paid for it has been minuscule. Our economy has continued to expand, society has developed, education and culture have flourished, and the people's lives have become more prosperous. What is the reason for this? [words indistinct] pondered the rule that democracy grows out

of antagonism between the people and their government can provide a satisfactory explanation of Taiwan's political development over the past five years. I believe that a reasonable answer lies in our cultural heritage, a factor that exists at comparatively deep level in a people or society. If one doesn't look carefully, it is often obscured by heated power struggles.

Centuries later, when Confucius journeyed through a number of states to disseminate his ideas, he advised the rulers to practice "benevolent governance." Mencius also promoted "kingly governance." Both preached that rulers should bring government people closer together through the way they administered. In the Warring States period of the fifth through third centuries B.C., the Confucianists used the metaphor that "The ruler is the mind of the people while the people are the body of the ruler." Just like the symbiotic relationship of survival between the monarch of a nation and the people, it would appear superficially that the body follows the mind much like the people obey their ruler; but upon further reflection, we realize that the mind depends upon the protection of the body for its safety, and the mind is vulnerable to injury when the body is injured.

Following what the people desire, and thinking of the government and the people as a single entity are both basic precepts of democracy today. Although they both appeared early in the political activities of our Chinese forebears, it was a pity that the subsequent formation of feudalistic thinking cut short the development of this kind of thought. Nevertheless, these ideals have never disappeared over many thousands of years of Chinese history; they have always been goals constantly pursued by the Chinese people.

Virtually no Chinese emperors throughout the ages, however dictatorial or selfish, dared to openly repudiate the people's will, or dares explicitly claim that the people's welfare need not be the ultimate goal of governmental administration. Clearly, the influence of these political philosophies remained throughout. I am confident that, by injecting into our modern democratic order the political precepts long inherent in Chinese culture of exalting the people's will and claiming that the government and the people are a unity, we can infuse democracy with new vitality.

It is my firm belief that our culture is the most important factor that has allowed the Republic of China to achieve successful political reforms in the past five years. Recently I had guidelines titled "Manage the Great Taiwan, Nurture a New Chinese Culture" drawn up, believing that our profound cultural heritage is indeed deeply embedded in the Taiwan experience of creating an economic miracle and a political miracle.

This cultural heritage can be traced as far back as the end of the third century B.C., the classical age when the imperial system had not yet coalesced. Chinese culture then was fresh and pure, and had not yet been tainted by the monarchical politics of later centuries.

More than 2,000 years separate us from that classical Chinese culture, so it cannot be transplanted to our age exactly as it was, but must, rather, be creatively transformed. The "new" in the term "a new Chinese culture" means creative transformation, and this is the direction our cultural development is heading. I believe that a fresh and unsullied Chinese classical civilization will be an inexhaustible wellspring of thought for us.

Ladies and gentlemen, distinguished people from all over the world who revere democracy have come to attend this conference. Undoubtedly, it is the result of a blossoming trend toward Third Wave Democracies that bind you and me together, getting beyond national or cultural differences; and it is also devotion and dedication to democracy that bonds us. I hope and believe that this close bond will help increase our common areas of agreement and mutual friendship. We ardently look forward to working together with every one of you to raise the sophistication of our theoretical learning and empirical practice and to build a world that truly and fully belongs to democracy. We also keenly hope that you will take home from this conference not just a more extensive assessment and understanding of the development of democracy, but also an awareness of the ardent longing by the government and people of the Republic of China for equal and fair treatment of our nation in the international community. We further hope that meaningful international conferences such as this will be held here more often.

In closing, may I wish this conference complete success and each of you good health and happiness! Thank you.

#### **Li's Candidacy Endorsed by 1,744 KMT Delegates**

*OW2908030695 Taipei CNA in English  
0112 GMT 29 Aug 95*

[By Maubo Chang]

[FBIS Transcribed Text] Taipei, Aug. 28 (CNA) — A total of 1,744 Kuomintang delegates had signed the petition to recommend party chairman Li Teng-hui as the KMT nominee for presidential candidate by the time the deadline ended at noon Monday, ensuring that Li would be the only candidate in the party's primary.

Before the deadline, 1,768 valid letters of recommendation had been received by the KMT supervising committee for presidential candidate nomination, which met at 2:00 p.m. Monday under the chairmanship of Chao

Tze-chi to examine the recommendation letters and credentials of the candidates.

KMT Secretary-General Hsu Shui-teh said after the meeting that among the 1,768 valid letters of recommendation, those supporting Li accounted for 99 percent of the total, or 1,744, with eight letters going to KMT Vice Chairman Lin Yang-gang, and four to Premier Lien Chan.

According to nomination rules, a candidate needs the support of 197 party delegates to put his name on the party's primary ticket.

Chien Han-sheng, director-general of the KMT cultural affairs department, said that the high percentage of endorsement signifies that Li is the most appropriate KMT candidate for the presidency.

Party delegates will choose the KMT nominee to run for president on Wednesday, but since there is no other candidate in the running, Li's selection is virtually assured.

#### **KMT, Air Asia To Build Maintenance Center**

*OW2808111195 Taipei CNA in English*  
*0951 GMT 28 Aug 95*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, Aug. 28 (CNA) — Ruling Kuomintang [KMT]-controlled enterprises will join forces with local and foreign companies to build a large aircraft maintenance center in the southern Taiwan county of Tainan, KMT sources said Monday.

The proposed aircraft maintenance center will be the largest of its kind in the Asia-Pacific, the sources said, adding the center will provide maintenance services for not only Taiwan aircraft but also Mainland Chinese airplanes.

Tainan-based Air Asia Co. Ltd. has signed an agreement with McDonnell-Douglas Corp. of the United States to jointly set up an aircraft maintenance center in Taiwan. As Air Asia lacks investment capital, it hopes other local companies can join the project.

After meeting with Air Asia Chairman Sun Tao-chun, Liu Tai-ying, chairman of the KMT Business Management Committee, has tentatively agreed to have two KMT-controlled holding companies invest in the aircraft maintenance project.

Meanwhile, state-owned Taiwan Sugar Corp. (Taisugar) has also agreed to take part in the project by providing 334,000 square meters of land to accommodate the proposed aircraft maintenance hangar.

In the initial stage, Liu said, the KMT-controlled China Development Corp. and Kuanghua Investment Co. will jointly invest NT [new Taiwan]\$1 billion (US\$36.5 million) in the project. "Our investment will increase gradually in the later stage," he added.

Liu said KMT enterprises originally planned to cooperate with an Israeli aerospace firm to set up a regional aircraft maintenance center in Taiwan. The project was shelved after Israel rejected a visit by ROC President Li Teng-hui earlier this year.

Nevertheless, Liu said, KMT enterprises are still negotiating with Israeli firms for transfer of aircraft upgrading and refurbishing technologies.

#### **Holding Company To Boost Overseas Investment**

*OW2808145695 Taipei CNA in English*  
*0849 GMT 28 Aug 95*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, Aug. 28 (CNA) — The Republic of China [ROC] government will join forces with private enterprises to set up an international investment and holding company to boost overseas investment, Economic Affairs Minister P.K. Chiang said Monday.

The Ministry of Economic Affairs (MOEA) originally worked together with two leading industry and commerce associations here to push for the establishment of a Central America investment and holding company with a view to strengthening Taiwan's economic ties with the region.

After two months of contacts and consultations with local enterprises, Chiang said, the MOEA has decided to expand the scale of the proposed company to extend Taiwan's economic clout in the world market.

In addition to encouraging investment in Central American countries, Chiang said, the new company will also pool resources of local enterprises to launch new ventures in other parts of the world, including the Philippines' Subic Bay, the Batam Industry Zone in Indonesia, and Central Europe.

"Construction of an industrial park each in Panama, the Czech Republic and Poland is expected to be among the new holding company's first series of investment projects," Chiang noted.

He revealed that many local companies and business groups, including the International Commercial Bank of China, China Steel Corp., BES Engineering Corp., China Petrochemical Development Corp., China Airlines, Evergreen Group, Ku's Group and President



Group, have expressed interest in joining the new company.

The MOEA, the Chinese National Association of Industry and Commerce (CNAIC) and the Chinese National Federation of Industries are jointly organizing a meeting of prospective investors to discuss technical details concerning the formation of the new firm. The meeting is scheduled for Sept. 4, Chiang said, adding the new firm will have a paid-in capital of NT\$1 [new Taiwan dollars] billion (U.S.\$36.5 million).

Chiang said the MOEA will invite CNAIC chairman Jeffrey Ku to head the new holding company. "With extensive connections in world political and business circles, Ku is widely believed to be the most suitable person to head the new company," the minister stressed.

The exact name of the new company will be decided later by its major shareholders, Chiang added.

Chiang is scheduled to lead a large delegation of trade officials and business executives to visit the Czech Republic and Poland in mid-September to explore investment opportunities in Central Europe. The prospects for Taiwan to help develop industrial parks in the two countries to facilitate Taiwan investment there will become clearer following Chiang's trip, MOEA sources said.

#### **India's 'Technical Boycott' of Group Criticized**

OW2808145595 Taipei CNA in English  
0909 GMT 28 Aug 95

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, Aug. 28 (CNA) — Taipei Mayor Chen Shui-bien Monday blasted India's "technical boycott" of a Taipei delegation's participation in the forthcoming International Union of Local Authorities (IULA) Asia-Pacific conference.

The Taipei City mission, to be headed by Deputy Mayor Chen Shih-meng, is scheduled to leave for India Tuesday to participate in the IULA Asia-Pacific Executive Committee conference in Bombay.

However, India has failed to issue visas for Taipei delegates to the Aug. 30-Sept. 1 conference.

Chen said it is unbelievable that India should yield to pressure from Beijing and fail to issue visas to the Taipei delegates. Beijing has been negotiating with the IULA Asia-Pacific Executive Committee to join the club since February this year.

Chen also denounced Beijing for the outcome, saying that the incident once again revealed Beijing's scheme to suppress Taiwan on every front.

The mayor said he will lodge a protest against Beijing to the IULA when he and the Taipei City delegation attend the IULA world conference in the Hague in September.

It was learned that Beijing expressed its intention to join the IULA in February this year when the IULA Asia-Pacific Executive Committee convened a meeting in Bangkok. Beijing, however, said Taipei must be kicked out as a prerequisite for its membership.

Deputy Mayor Chen Shih-ming's office reckoned that Beijing's intimidation led India to stall the visa process.

The officials said India should not be subdued by Beijing's threat and bar the Taipei delegation so easily. Taipei is a full member of IULA and one of the 11 members of the IULA Asia-Pacific Executive Committee.

Taipei contributes large donations to the organization's operations, and it does its part perfectly to uphold the organization's cause in enhancing communications and understanding among cities and towns from around the world, the officials said.

#### **Ambassador Terms Ties With South Africa 'Solid'**

OW2908030795 Taipei CNA in English  
0118 GMT 29 Aug 95

[By Cheng C.S. and Flor Wang]

[FBIS Transcribed Text] Johannesburg, Aug. 28 (CNA) — Loh I-cheng, Republic of China [ROC] ambassador to South Africa, stressed here on Sunday [27 August] that ties between Taipei and Pretoria remain solid.

Loh made the remarks at a seminar when answering a question about whether the forthcoming visit by a South African parliamentary delegation led by Foreign Affairs Committee Chairman Raymond Suttner to Taipei Sept. 17-23 carries a diplomatic mission.

While calling on the attending 300 Taiwan nationals living in South Africa not to worry about the matter, Loh made it clear that the delegation, in a fact finding mission, has no right or power to make any decision on Taipei-Pretoria diplomatic relations, and that ties between the two countries remain "very strong."

The delegation's planned visit to Taipei, Loh pointed out, was supported by South African President Nelson

Mandela, who told delegate members to pay a visit to Taiwan following their visit to Mainland China in July.

Also present at the seminar were Mainland Affairs Council Vice Chairman Su Chi, Council for Economic Planning and Development Vice Chairman Hseuh Chi, Council of Labor Affairs Vice Chairman Chan Huo-

sheng and National Assembly Member Ke Yung-kwang, who are currently visiting South Africa.

The seminar was on Taiwan's political, economic and social development, as well as relations between Taiwan and Mainland China.

### Hong Kong

#### Qian: No 'Big' Alteration to Existing Laws

OW2808074595 Beijing XINHUA in English  
0707 GMT 28 Aug 95

[FBIS Transcribed Text] Beijing, August 28 (XINHUA) — Chinese Vice-Premier Qian Qichen has called for "no big amendment to the existing Hong Kong laws" so as to benefit the peaceful transition of Hong Kong to the Chinese authorities in 1997.

Qian made the call here today while meeting with a Beijing visiting group of the former senior civil servants of Hong Kong, led by Chan Nai-keong, President of the Former Senior Civil Servants' Association.

"The Hong Kong authorities should not make big amendments to the existing Hong Kong laws during the transition period, otherwise, it will exert negative impact on the stability of the public servants contingent there," Qian said.

The stability and prosperity of Hong Kong is closely related to the 180,000 public servants at the moment, and the stability of the public servants contingent is also of importance to maintaining the stability in Hong Kong, the Vice-Premier noted.

The group is here to report to the Chinese government their opinions on the stable transition of Hong Kong public servants and the direct links between the Hong Kong public servants in active service and the relevant departments of the Chinese government.

#### Journalists Expelled From Fujian Province

OW2508085595 Beijing XINHUA in English  
0747 GMT 25 Aug 95

[FBIS Transcribed Text] Fuzhou, August 25 (XINHUA) — Two journalists from the Hong Kong-based Next Magazine were expelled this afternoon after being charged with illegally collecting military secrets.

The two journalists, Qu Yingyan and Xie Mingzhuang, were found to have entered the coastal area of east China's Fujian Province on August 18, disguised as tourists in order to obtain military secrets surreptitiously. They were spotted by local residents and reported to the state security department in Fujian on August 20.

During an inquiry, they both confessed that they had been sent by Zhang Jianhong, editor-in-chief of the Next Magazine to obtain information and take photos of military manoeuvres in the coastal areas of Fujian.

After entering, the two took photos of military installations at Xiamen, Fuzhou, and Dinghai cities, and tried to collect information about troop movements, keeping contacts with Zhang by telephone.

They said they knew that their acts were illegal, but said, "The editor-in-chief said it doesn't matter and asked us to do so. We could do nothing but obey."

They confessed that they were guilty of illegally collecting military secrets and expressed remorse about their acts.

The acts of the two violated the State Security Law and the Law on the Protection of Military Installations, and seriously compromised state security. The Fujian Provincial State Security Department expelled them in accordance with Article 30 of the State Security Law.

#### Panel Meets on Economic, Trade Relations

OW2408141895 Beijing XINHUA Domestic Service  
in Chinese 1505 GMT 18 Aug 95

[By reporter Fang Jin (2455 3866)]

[FBIS Translated Text] Beijing, 18 Aug (XINHUA) — The Economic Subcommittee of the Preliminary Working Committee [PWC] for the Hong Kong Special Administrative Region [SAR] Preparatory Committee held its 18th meeting in Beijing today. The meeting discussed several issues of economic and trade relations between Hong Kong and the mainland after 1997.

Members discussed and approved the subcommittee's "Suggestions on Fundamental Principles and Policies on Economic and Trade Relations Between Hong Kong and the Mainland After 1997 (Amended Draft)." The meeting decided to submit this document with the "Suggestions on Fundamental Principles and Policies on Financial Relations Between Hong Kong and the Mainland after 1997 (Amended Draft)" to the PWC's sixth plenary meeting.

On the question of a coordinating mechanism for economic and trade relations between the two localities, the members unanimously felt that it is important to do a good job in coordinating various policies on economic exchanges between Hong Kong and the mainland after 1997. However, there must be a unified organization in charge of overall operations to prevent differences in policies from various departments. It is necessary to avoid interference in the affairs that fall within the Hong Kong SAR's authority.

The members exchanged initial opinions on extension of land contracts that lack extension rights at their expiry after 1997. The members held that, in accordance with the specifications of the basic law, this issue should be handled by the SAR Government. Proceeding from specific situations of Hong Kong society and in accordance with relevant stipulations of the Sino-British Joint Declaration, this subcommittee will forward suggestions on handling this issue to the SAR Government.



for reference. The members suggested that basic situations of this category of land contracts be requested from the Hong Kong-British Government through the Sino-British Land Committee for use in studying this issue.

At the meeting, the members also held initial discussions on how to handle correctly Hong Kong-Mainland relations on statistical affairs after 1997. The members unanimously held that after 1997, Hong Kong's statistics is a part of the unified and overall statistics of the sovereign state. However, Hong Kong and the mainland are still two regions with relatively independent statistics. The two localities should, in accordance with their different statistical systems and legal specifications, independently collect socioeconomic statistics and provide statistical data to the outside. In essential nationwide statistical tallies of national conditions and national strength, the Hong Kong region should independently list and show these data.

#### Consensus Reached on 'Reverse Immigrants' Status

OW2808133095 Beijing Central Television Program  
One Network in Mandarin 1411 GMT 21 Aug 95

[From the "Night News" program]

[FBIS Translated Text] The issue of reverse immigrants has always been a matter of concern for the people in Hong Kong. The social and security affairs subcommittee under the Preliminary Working Committee [PWC] of the Hong Kong Special Administrative Region [SAR] Preparatory Committee discussed this issue 20-21 August and reached a consensus. The consensus reached at the meeting states that plans for resolving the issue of reverse immigrants should attract overseas Hong Kong people to return to Hong Kong and not encourage the continued emigration of the Hong Kong people.

The so-called reverse immigrants refer specifically to those Chinese citizens among the former permanent Hong Kong residents who emigrate and settle in foreign countries before 1997 and later return to and settle in Hong Kong after acquiring foreign citizenship. Members of the subcommittee said that according to Article 9 of China's Citizenship Law, those people automatically lose their Chinese citizenship after acquiring foreign citizenship. To solve their problems, it is necessary to confirm their resident status in the Hong Kong SAR according to the Basic Law's relevant stipulations.

The social and security affairs subcommittee put forward three principles on solving the issue of reverse immigrants. First, the solution to the reverse immigrant issue needs to conform to the Basic Law's relevant stipulations. Second, reverse immigrants are welcome to resettle in Hong Kong. Third, relevant solution plans

should help attract overseas Hong Kong people to return to Hong Kong, not encourage the continued emigration of Hong Kong's people. In line with the above principles, the social and security affairs subcommittee proposed: Concerning those former Chinese citizens among Hong Kong's permanent residents who emigrate to foreign countries before 30 June 1997, acquire foreign citizenship, and later return to and resettle in Hong Kong before 30 June 1997, their Hong Kong permanent citizen identification cards will continue to be valid. If they return to the Hong Kong SAR after 1 July 1997, they can enter Hong Kong without a visa and may reside and work in Hong Kong with no restrictions on their stay in Hong Kong.

#### Editorial Analyzes Rate of Voter Registration

HK2508091395 Hong Kong TA KUNG PAO  
in Chinese 5 Jun p a2

[Editorial: "Hong Kong Voters Do Not Welcome Patten's Proposals"]

[FBIS Translated Text] The registration of voters for the Legislative Council [Legco] election which closed last week was one of the steps in implementing Chris Patten's "constitutional reform package." The result of the registration shows that Patten's proposals have been rejected by the majority of people in Hong Kong: The registration rates for the newly defined functional constituencies and the constituencies in which corporate votes had been changed to individual votes both were very low. Great confusion was caused by the registration process, giving rise to conflicts and confrontations. It has therefore added to the difficulty for the patriotic and Hong Kong-loving personalities in expanding their participation in political affairs in the run-up to the transfer of sovereignty of Hong Kong.

The Hong Kong Government spent tens of millions of Hong Kong dollars and mobilized tremendous human and material resources to conduct that round of voter registration. Although the specific figures have yet to be published, it is known already that the registration rate among the eligible voters in the "nine new constituencies" was only over 30 percent; the registration rate in 10 functional constituencies where the voting method had been changed was about 20 percent. The number of individual voters registered as corporate voters was even smaller than the number of corporate entries before, which represented an actual decrease. The overall registration rate failed to reach 50 percent, which means that the majority of eligible voters were not registered. In this case, how can a high level of representativeness be achieved? Why was this disproportionate result scored after so many resources were expended and all kinds of methods exhausted?

The Basic Law specifies that the constitution of Hong Kong's legislature should be based on the reality of the territory, and should follow the principle of orderly and gradual progress. All places in the world where democracy has been successfully developed have gone through a process of progress in an orderly and gradual way and expanding in a step-by-step manner. This process covers the establishment of all kinds of systems, the improvement of procedures, and the maturing of concepts. The electoral system of Britain itself went through centuries of evolution before general elections were achieved. The coming into being of Hong Kong's functional constituency election has historical and present-time reasons, and its function is also to build democracy in an orderly and gradual way, and to the extent possible, to maintain balanced participation in the process of development so as to promote social stability and prosperity. Patten's proposals violate the principle of converging with the Basic Law, deviate from the reality of Hong Kong, distort the democratic idea, and equate the issue of more votes with "fairness and openness." Therefore, the "nine new constituencies" option proposed by him has fundamentally sabotaged the significance of functional constituency election, turning it into a disguised form of direct election. The existing Legco already has seats created by district direct election and individual vote. Patten's proposals now try to have functional constituency-generated seats created by direct election, causing confusion and conflicts. They are cold-shouldered and even resisted by the voters. This is the main reason why the registration rate was so low.

What happened in the course of registration was that many people did not know the difference between direct election and the "nine new constituencies" election, which constituency they belonged to, or how many votes they could have. A sample survey among residents revealed that the majority do not understand what the new functional constituencies are all about. And it is not just the general public. Even many well-educated residents cannot get it. This is not their fault. It is all because the content of Patten's proposals is illogical. As there is a vote for district direct election, why does "a working person have an extra vote?" Why are employees holding different positions and doing different work put in the same constituency by the employer? While Filipino domestic helpers have a vote, why do the housewives employing them not have one? Many people also have asked this question: Why are Filipino domestic helpers and journalists put into one constituency? The people of

Hong Kong generally do not have very fixed employment, and they often change jobs or go through unemployment and re-employment; job mobility is high. How can the constituencies they belong to be adjusted accordingly in the coming months? Because of all these contradictions and confusions, though facing the threat of being penalized by the Hong Kong Government, many of the employers responsible for reporting and registration refused to report. As a result, the functional constituencies that used to be quite representative have become new functional constituencies plagued by minority representation.

The confusion and disorder that emerged in the course of the registration probably will last until the election campaign and voting in the future. The functional constituencies were originally meant to represent the interests of balanced social development of the territory as a form of collective participation. However, under Patten's proposals, struggle within individual functional constituencies is encouraged. For instance, between journalists and Filipino domestic helpers, who should represent whom? Where is the fairness? The extra vote put on the district direct election vote affects, and is affected by, the latter, adding confusion to the election campaign and voting. When the voting day comes, if explanation and clarification is called for on the spot, it will increase the external interference in the balloting station. When the implementation of Patten's proposals has reached this stage, the people of Hong Kong are fully aware that they are self-contradictory as a concept and cause confusion when implemented. They are not at all in tune with Hong Kong's reality and definitely should be annulled in 1997.

To greet the recovery of Hong Kong's sovereignty and monitor the administration in the late-transitional period, patriotic and Hong Kong-loving personalities have been actively trying to participate in political affairs, but the proposals designed by Chris Patten have set obstacles to this process. Many patriotic groups have tried hard to promote voter registration, only to get half the results with double the effort because of the contradictions and confusion caused by Patten's proposals. The effectiveness of their efforts has been greatly reduced as a result. Patriotic and Hong Kong-loving personalities will encounter numerous difficulties in their efforts to participate in electoral affairs and the election campaign in the coming months.

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